Outward FDI in the Context of Forced Internationalisation: Greek Investments in South- Eastern Europe

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I, Ourania Gkouna confirm that the work presented in this thesis is my own. Where information has been derived from other sources, I confirm that this has been indicated in the thesis.

Signed

Preface

This PhD research experience is summed up by this quote from Marcel Proust the French novelist:

"We are not provided with wisdom, we must discover it for ourselves, after a journey through the wilderness which no one else can take for us, an effort which no one can spare us" (trans. Moncrieff, 1924, p. 455).

I grew up in an environment where entrepreneurship, economic policy issues, innovation, firm internationalisation, the role of the EU and the Balkan periphery were everyday topics of critical discussion and rationalization. This likely drove my initial interest in economics and was the later motivation for my interest in European Union studies (an integral part of my family's heritage). However, an important element was missing: the Balkans and entrepreneurship.

I pondered upon this aspect for a long time because it did not exist as a field of study and because I wanted to do something ground-breaking that would be thought provoking and also of use to academics and entrepreneurs - which is the most important objective of my research.

At some point, whilst walking in Thessaloniki, I noticed something that was also evident in my hometown of Katerini. Industrial buildings had been abandoned and labour intensive industries had ceased; the voices, noise and laughter were missing. I did not like what I saw, and found it frustrating. Many firms had closed overnight and relocated to the Balkans attracted by lower operating costs. Of course, this exodus had

happened before – but in the other direction. Many labour intensive industries had come to Greece from other European countries.

Over the years I met many frustrated entrepreneurs and identified many problems, but very few solutions. All I could see was stagnation. However, I believed that entrepreneurship, foreign direct investment (FDI) and a change of business philosophy could reinvigorate both industries and firms. This was the motivation for my research.

I found it puzzling that there was a lack of significant inward FDI to Greece; the FDI was mainly outward. Even more peculiar in my view was that there were experienced and cosmopolitan entrepreneurs who were unable to create financial value by investing in Balkans, while Greek entrepreneurs who had faced serious domestic problems, were profiting from the outward FDI. This paradox took over; that was it, the journey had started.

Acknowledgements

Submitting my thesis marks a defining moment in my life; this achievement is due to very many people to whom I will be forever grateful.

First and foremost I want to thank my wonderful parents Sotiris and Sophia, and my brother Athanasios for their never ending love, encouragement, patience and belief in my ability to accomplish this project. Without your unconditional support I could have neither started nor finished this thesis.

This PhD thesis is the result of research on 152 CEOs based in South East European countries who gave up their valuable time to respond to an extensive (approximately 500 questions) survey which provided me with the best available information for my analysis. I could not have completed the research without their support and help. The research was not straightforward; it was a real adventure. However, these people were willing to devote their time to helping me despite their heavy and demanding schedules. I sincerely thank all of them.

In the course of this long journey, I was lucky enough to have as my supervisor a very exceptional person, Professor Slavo Radošević. I owe much to him. He has been my most important coach throughout this journey. It was a really difficult and challenging 'Ithaca experience', involving many ups and downs through which Professor Radošević guided me. His constant and unfailing support was both a motivation and support and my heartfelt thanks go to him.

My colleagues in the department, who have become life time friends, were always there to help me along this stressful and brainstorming period. My thanks go to Kate Bishop, Beata Manthey, Andrew Rozeik and, most especially, Kostantinos Delaportas for his encouragement and advice.

I am indebted to all my exceptional friends and special relatives who have supported me through the peaks and especially the troughs of my PhD journey.

My acknowledgements would not be complete without sincere thanks to my grandparents: I love you a lot.

"If you're going to try, go all the way. Otherwise, don't even start... Isolation is the gift. All the others are a test of your endurance, of how much you really want to do it. And, you'll do it, despite rejection and the worst odds. And it will be better than anything else you can imagine. If you're going to try, go all the way" (Bukowski, 1999, pp.408-409)

Ourania Gkouna

Abstract

The thesis explores the dynamics and determinants of Greek outward foreign direct investment (OFDI) in Bulgaria and Former Yugoslav Republic of Macedonia (FYROM). Greek investors do not possess strong ownership advantages, they face adverse home market conditions and yet they have expanded into neighbouring countries. This situation is not explained by the mainstream and emerging literature. Hence, we propose a framework based on push and pull factors which we test at the country, industry and firm levels. Pull factors include the advantages of firms and host countries advantages, while push factors include home market disadvantages and weak advantages of firms.

The research is based on an extensive face-to-face survey of 152 Greek OFDI firms (in Bulgaria and FYROM) and employs quantitative methods (descriptive statistics and logistic regression models) as well as case studies. At the country level, we find that beside significant pull factors, adverse demand conditions represent a significant push factor. At the industry level, we examine four industries and check for differences and similarities in their characteristics and their relevance using the Ownership-Location-Internalization (OLI) framework. We show that OLI variables vary significantly across the four industries and that new variables which are not in OLI framework also matter. Finally, we identify four main types of Greek investors: crisis, healthy, satellite and lead and we explore differences in the drivers of their OFDI. The thesis provides a conceptual and empirical contribution to the literature by proposing an alternative framework to explain OFDI based on integrating the OLI and Linkage-Leverage-Learning (LLL) and Comparative Ownership Advantage (COA) models. A joint push and pull model might indicate when FDI at country, industry or

firm level, is expansionary or escapist, that is, whether the push factors lead to escape FDI "forced internationalisation" (i.e. OFDI affected also by negative home market conditions), or whether pull factors lead to expansionary FDI.

List of Abbreviations

CEE:	Central East Europe
COA:	Comparative Ownership Advantage
CSA:	Country Specific Advantages
DM MNE's:	Developed Market Multinationals Companies/Corporations
EM MNCs:	Emerging Market Multinationals Companies/Corporations
EU:	European Union
FDI:	Foreign Direct Investment
FSA:	Firm Specific Advantages
FYROM	Former Yugoslav Republic of Macedonia
GCI:	Global Competiveness Index
GDP:	Gross Domestic Product
GNI:	Gross National Income
IDP:	Investment Development Path
IFDI:	Inward Foreign Direct Investment
LLL:	Linkage-Leverage-Learning
M&As:	Mergers and Acquisitions
MNCs:	Multinational Companies/Corporations
MNE's :	Multinational Enterprises
NOI:	Net Outward Investment
Oa:	Ownership Asset Advantages
OFDI:	Outward Foreign Direct Investment
Oi:	Ownership Institutional Advantages
OLI:	Ownership-Location- Internalization
Ot:	Ownership Transactional Advantages
PLC:	Product Life Cycle
R&D:	Research and Development
SEE:	South East Europe
SMEs:	Small & Medium Sized Enterprises
USA:	United States of America
WTO:	World Trade Organisation

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Chapter 1

1.1 Introduction

Globalization of the world economy has made foreign direct investment (FDI) a complex, but interesting firm activity, driven by different external and internal socioeconomic factors operating in both the home and host countries.

In this work, we examine the dynamics and determinants of Greek outward foreign direct investment (OFDI), which we find are quite different from those in other developed economies and thus merit in depth research. Greece has relatively dynamic OFDI, despite being a small country with no history of such investment. Its firms do not possess strong ownership[1] advantages (except in a very few cases, which are already global FDI players) and its OFDI are concentrated in neighbouring countries. We examine Greek OFDI in South East Europe (SEE) and especially in Bulgaria and Former Yugoslav Republic of Macedonia (FYROM).

SEE is a much less attractive region for FDI compared to Central East Europe (CEE) which further distinguishes Greek FDI. Typical FDI investors from developed countries adopt a conservative "wait and see" (Karagianni and Labrianidis, 2001) attitude to investment in SEE while Greek investors have demonstrated exceptional enthusiasm with regard investing in their neighbour countries.

The objective of this thesis is to present the generic factors that drive firms to invest abroad and to examine these factors at the levels of: 1) country, 2) industry, and 3) firm. A multi-level analysis should help to capture and conceptualize the dynamic nature of FDI. Thus, using firm-level data on Greek OFDI in Bulgaria and FYROM,

[1] Ownership advantages, firm specific capabilities and core competencies are used interchangeably.

we attempt to analyse the importance of push and pull factors for explaining the patterns of Greek OFDI, exploring cross-country, cross-industry and cross-firm differences.

A main distinctive feature of the Greek case is that in the last 10 years home market conditions have been worsening and the country has been losing global competitiveness, which indicates weak firm ownership advantages. In our case, negative home market conditions constitute a push factor for FDI, which can be characterized also as "forced internationalisation" [2] or "escape" [3] investment. Mainstream theories (e.g. OLI framework - ownership, location, and internalization) assume that firms possess ownership advantages before expansion to foreign markets and are pulled to exploit these advantages in the host markets. We develop a framework of push and pull factors to explain when FDI at country, industry or firm level is expansionary or escapist, that is, to explain whether the strongest push factors lead to escape FDI (forced internationalisation) and the strongest pull factors lead to expansionary FDI.

In our framework both push and pull factors are important to explain the Greek case; however, we highlight the push factors because they are not explored in the literature, but their existence is supported by the empirical results. This is a novel contribution of this thesis.

The remainder of this chapter is structured as follows: Section 1.2 provides an overview of the Greek economy from the perspective of competitiveness and FDI,

[2] The term "forced internationalisation" is used in the literature although in a different context to describe the Fiat automotive company's market segments (see Volpato, 2003).

[3] The concepts of escape and expansionary FDI are discussed in section 3.1 "Outward Foreign Direct Investment as an Escape Response and push-pull conceptualizations" (pp.102-103)

section 1.3 presents an overview of Greek investments in FYROM & Bulgaria, 1.4 outlines the literature and their findings on the issue of Greek OFDI in SEE and section 1.5 concludes by outlining the potential contribution to FDI empirics and theory.

1.2 Greek Economy, Competitiveness & FDI

Greece (or Hellas) has almost 11 million inhabitants located in the Southern Balkan Peninsula. It is at the crossroads of Europe, Western Asia and Africa and shares land borders with Albania (north-west), FYROM and Bulgaria, (north) and Turkey (north-east). Athens is the capital city and is located in the south part of Greece; Thessaloniki is the second-largest city, with an important economic and industrial role, and is in the north of Greece adjacent to the above mentioned Balkan countries.

Figure 1: Greece & Adjacent Countries

Source: http://atlas.freegk.com/world/europe/greece/greece.php

Figure 2: Greece & Europe

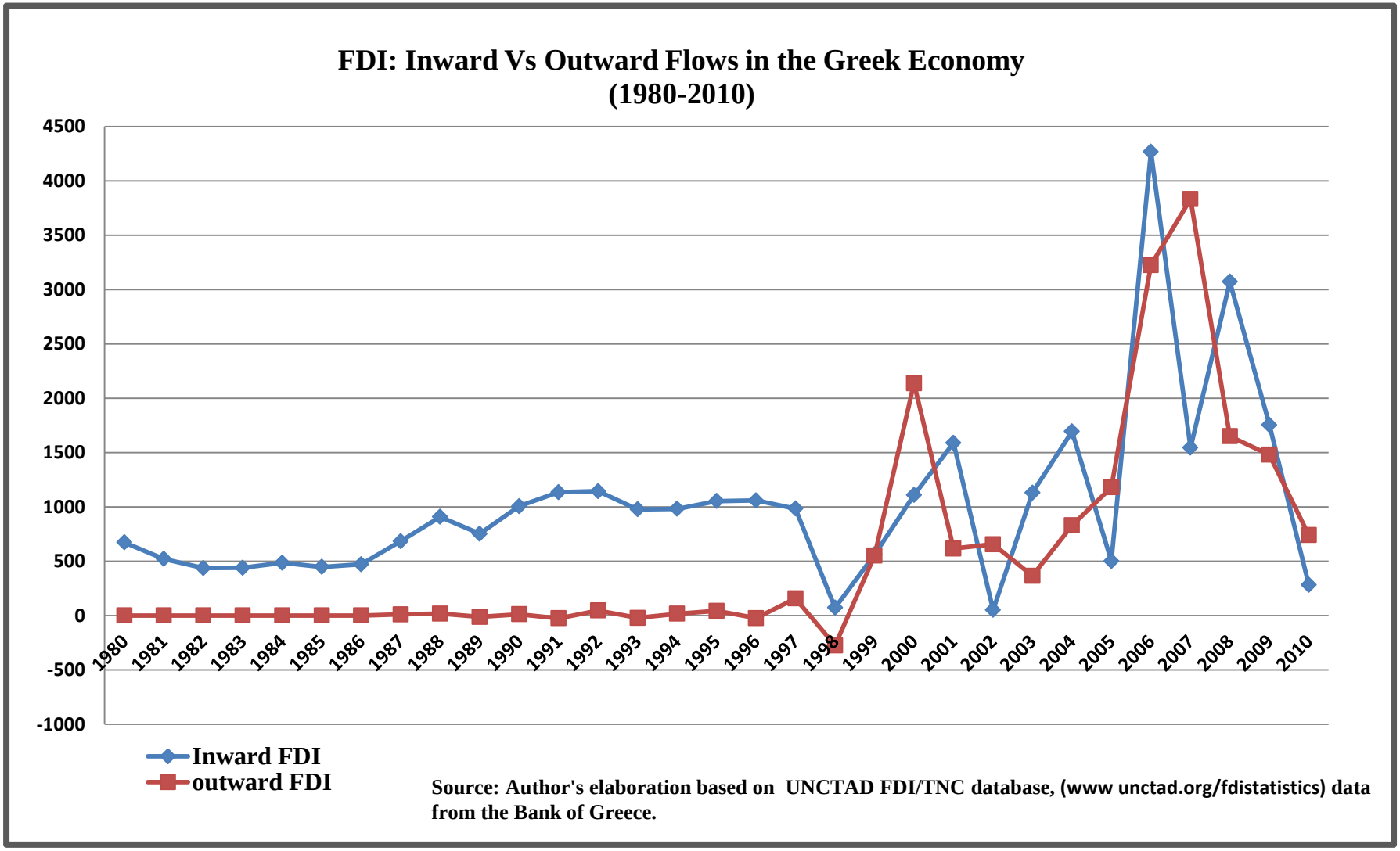
Source: http://www.greece-athens.com/page.php?page_id=489

Greece has faced many setbacks following the two World Wars, the Civil War and military junta which were accompanied by huge social and economic changes. Greece has been a member of the European Union (EU) since 1981 and adopted the euro as its currency in 2001. Although part of the EU market, Greece was geographically

isolated from the rest of the EU and its adjacent countries, until recently, had communist regimes. The demise of the communist regimes and the restoration of a free market economy has created investment opportunities and generated potential for mutual growth.

Greece had very little OFDI activity until the opening up of neighbouring post-socialist markets; since then it has become a rather dynamic player in those markets, despite its low level of competitiveness compared to other developed countries.

Figure 3: Inward FDI Vs. Outward FDI Flows in the Greek Economy (1980-2010)



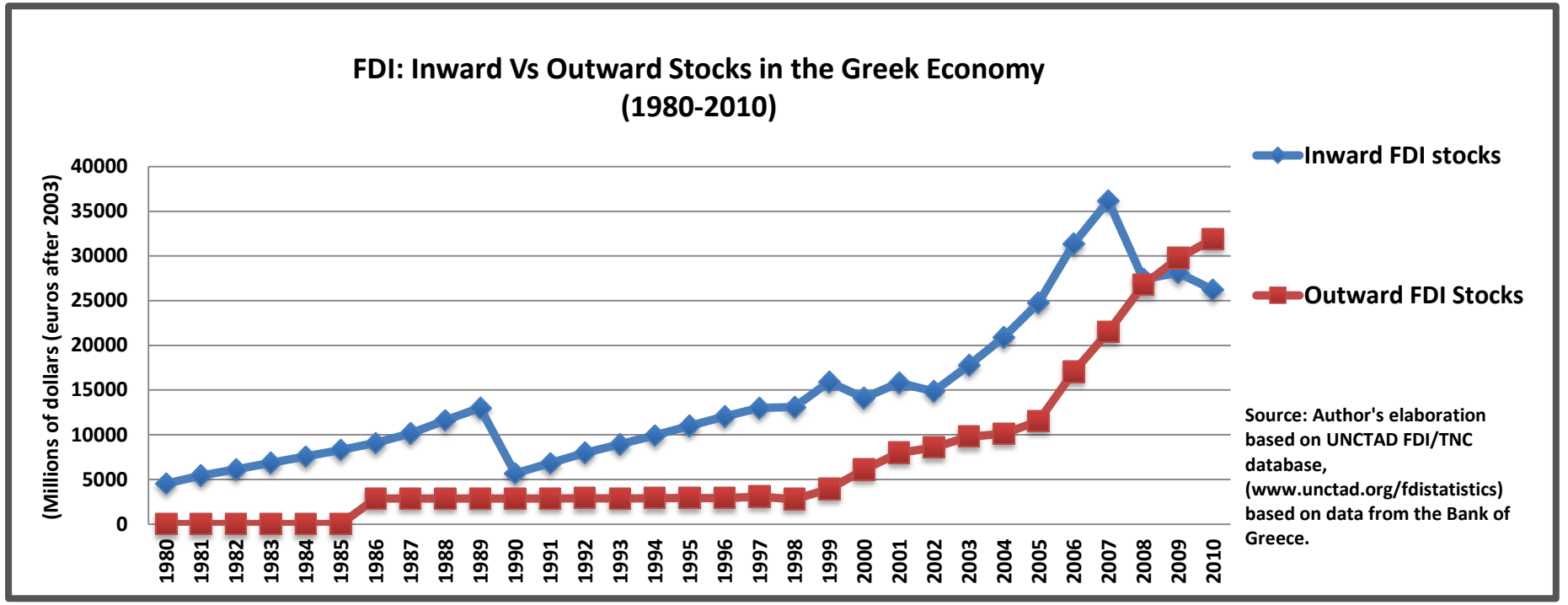
Our analysis starts with Greek inward foreign direct investment (IFDI) versus outward foreign direct investment (OFDI) flows during the past 30 years (see Figure 3). This should provide a better understanding of patterns or trends of inbound and outbound Greek FDI. Figure 3 shows that from 1980 to 1997 levels of IFDI were low and OFDI was nearly non-existent. Despite Greece joining the EU in 1981 this seems not to have had an impact on inward or outward FDI levels.[4] Nevertheless, restoration of the free market economy in adjacent countries has created more investment opportunities.

In 1999, both inward and outward FDI flows became more dynamic with OFDI increasing to a peak in 2006 after which both IFDI and OFDI dropped sharply.

To sum up, patterns of Greek outward and inward investment were at low levels up to the end of 1990s when both began to show an upward trend. FDI stocks provide a clearer picture (see Figure 4).

[4] However, EU membership of Portugal, another peripheral economy has "affected significantly the levels of inward FDI" (Fonseca, Mendonça et al., 2007, p.16)

Figure 4: Inward Vs. Outward Stocks in the Greek Economy (1980-2010)



While flows refer to the amount of FDI in a given period of time (usually 1 year), stocks represent the total accumulated value of foreign assets at a given point in time. So, the cumulative FDI stock index illustrates that FDI was marginal up to 1998, after which it shows a strong upward trend even until the 2008 Global Financial Crisis. More specifically, IFDI increased up to 1989 and then dropped and recovered and continued an upward trend until the 2008 Global Financial Crisis when faced a down turn. OFDI increased after 1999 and this growth accelerated to 2005 and even after 2008. The inward stock of FDI compared to outward is higher up to 2008 when the outward stock continues to rise before becoming stable; even with the forthcoming Greek crisis, OFDI does not face a downturn. To explore the impact of inward FDI on the Greek economy, we compare FDI inward stocks as a percentage of GDP, between Greece and the EU members (Figure 5). Initially, the indicator for both the EU and Greece was low; after 1998 the share of EU countries' FDI greatly increases, while Greece stays at more or less at the same low level.

Figure 5: FDI Inward Stocks as % of Gross Domestic Product (GDP) in Greece Compared to European Union

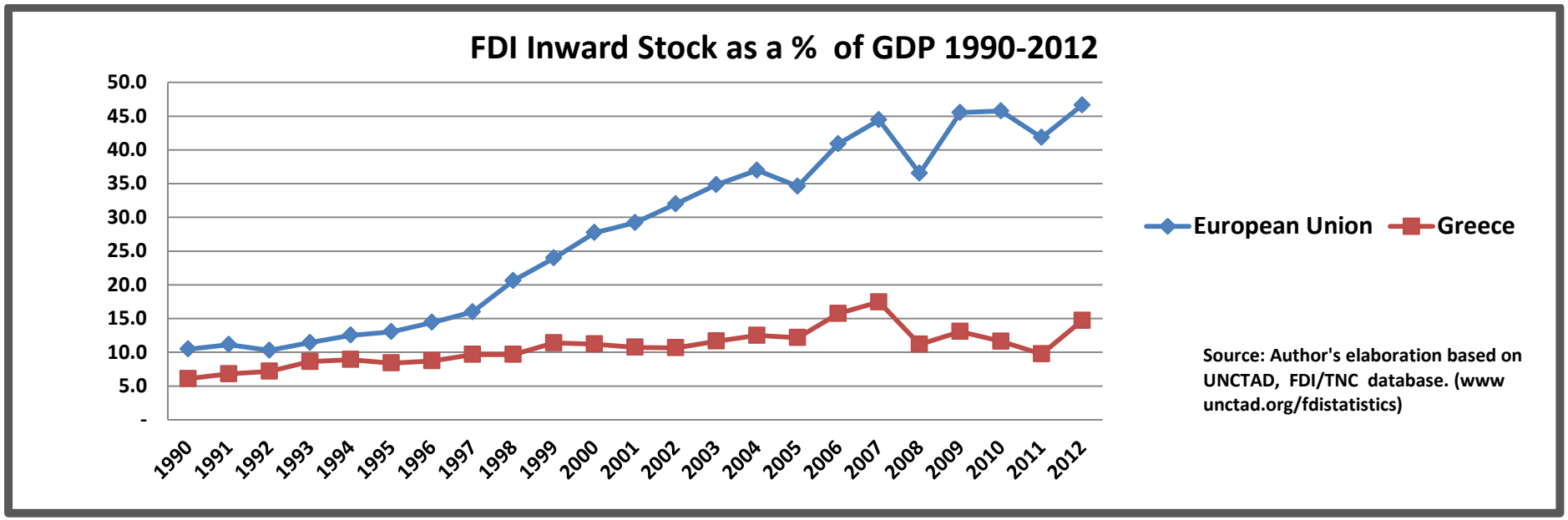


Figure 6: Greek Inward FDI Flows by Industry (2000-2010)

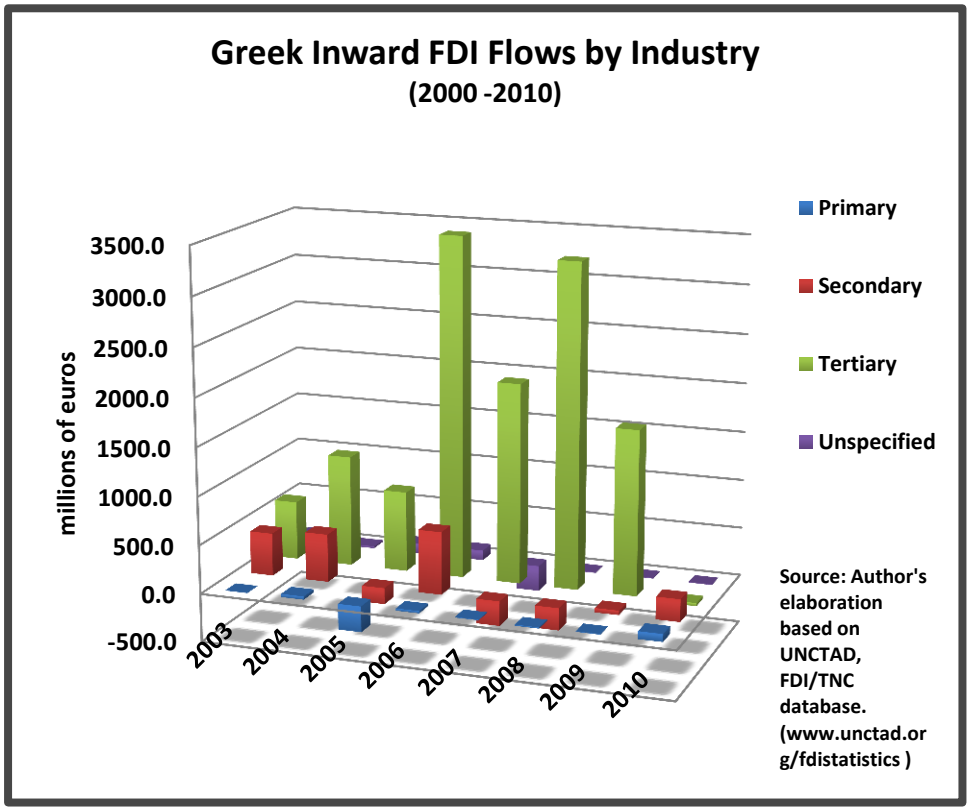
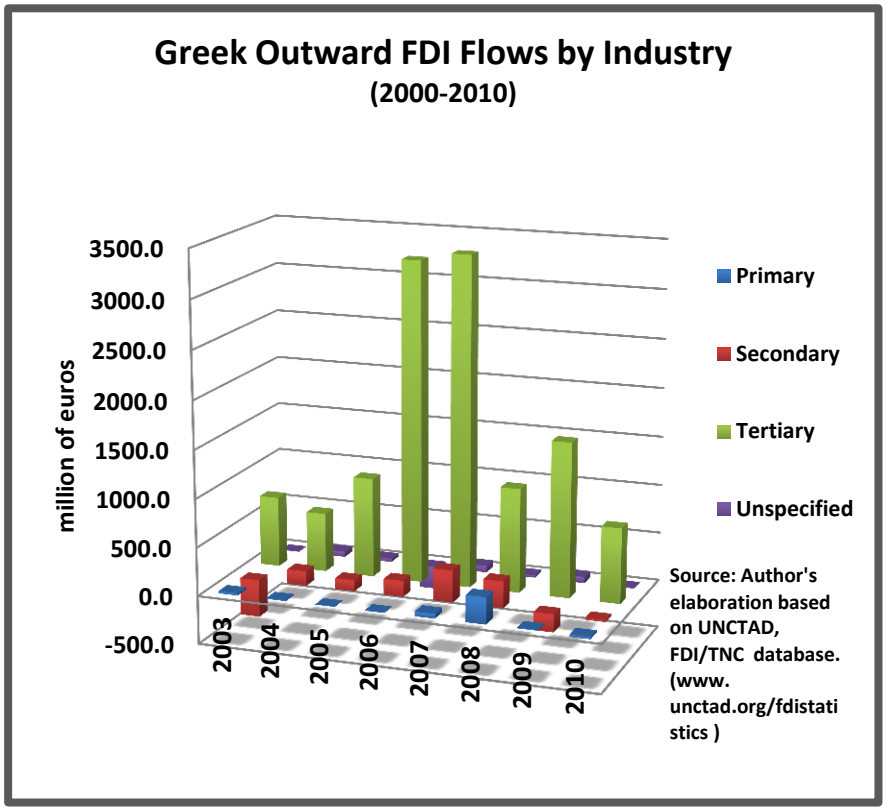


Figure 7: Greek Outward FDI Flows by Industry (2000-2010)



Figures 6 and 7 show Greek IFDI and OFDI flows by primary, secondary and tertiary industries during 2000-2010.[5] The majority of IFDI and OFDI is in the tertiary sector with secondary industry FDI at low levels and primary industry investment almost non-existent. This structure of FDI reflects the structure of economic activities in Greece which is a largely service oriented economy.

[5] There are no data available for 2000-2003

The structure of GDP shows a strong process of tertiarization of economic activities and decreasing share of other industries (Figure 8).

Figure 8: GDP as % Type of Expenditure & Value Added by Kind of Economic Activity

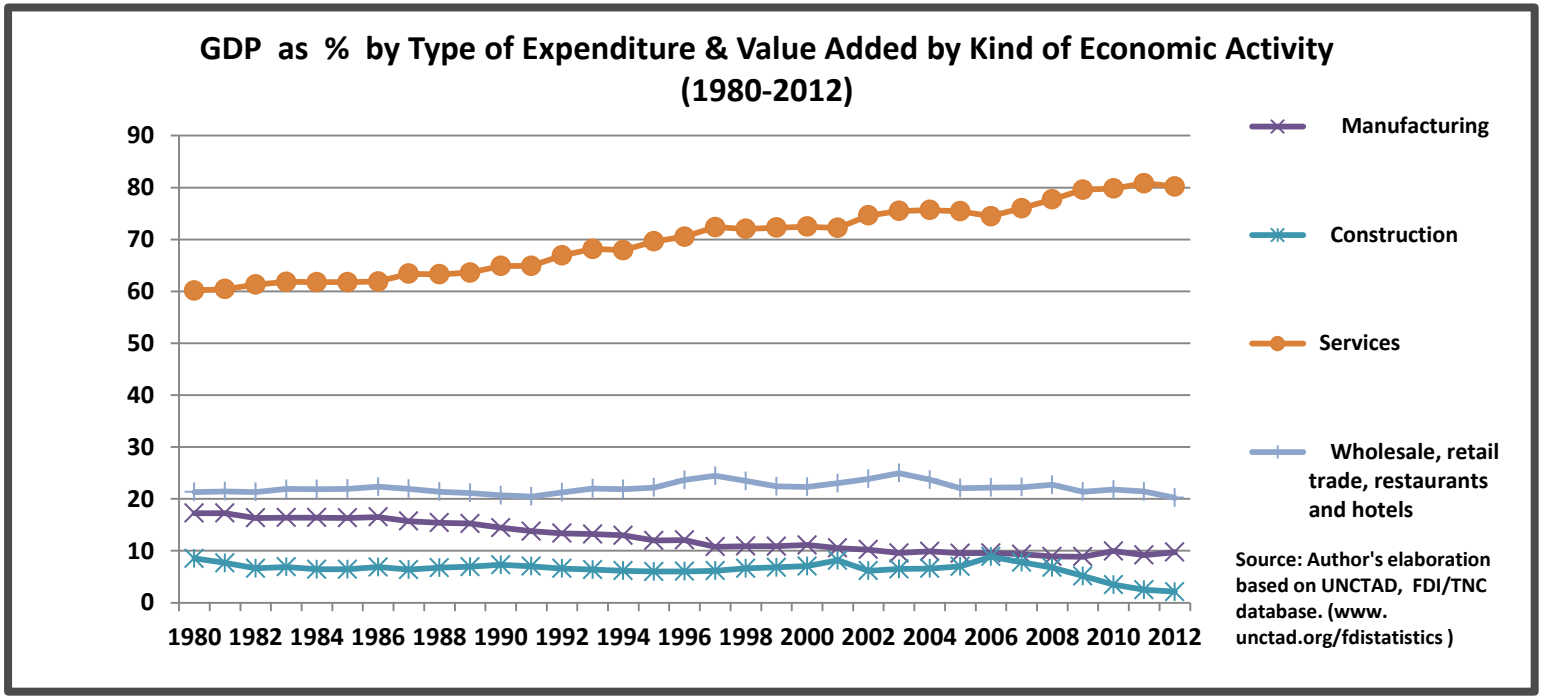


Figure 9: Imports & Exports in Greece (2000-2013)

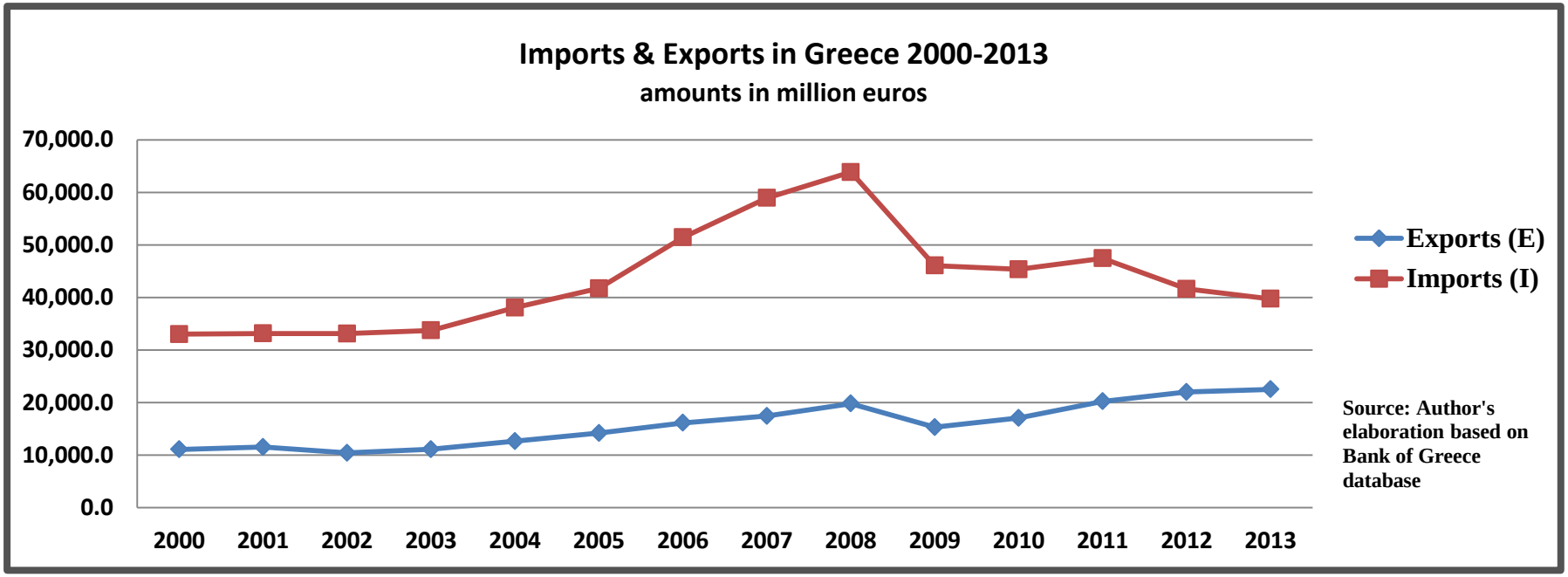
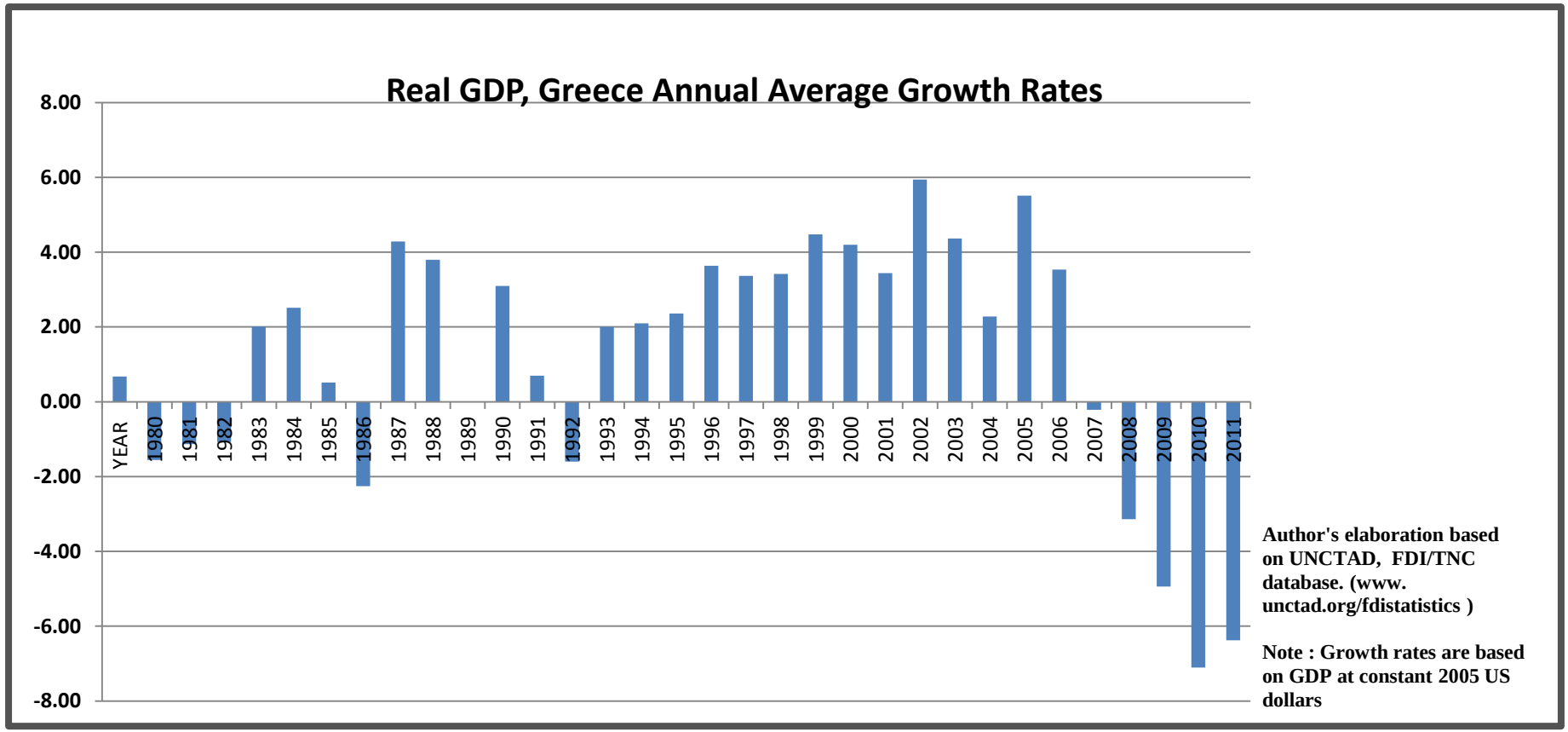


Figure 9 shows that balance of trade was traditionally negative for the Greek economy. After 2003 imports surged while exports continued a gradual increase that resulted in an increased trade balance up to 2008. After 2008, there was a sharp decline in imports while exports continued to increase gradually and seem to have been unaffected by the debt crisis. The unchanged rate of exports during a period of crisis (see Figure 10) further supports the idea that "negative home market conditions" continue to operate to a certain extent as a push factor for "forced internationalisation" and for export. In the empirical chapters, based on survey data, we show that "negative home market conditions" (category

defined by the questionnaire) were also present throughout the period of relatively high growth during the second half of 1990s and first half of 2010s. GDP growth rates show how fast the Greek economy has been growing (Figure 10).

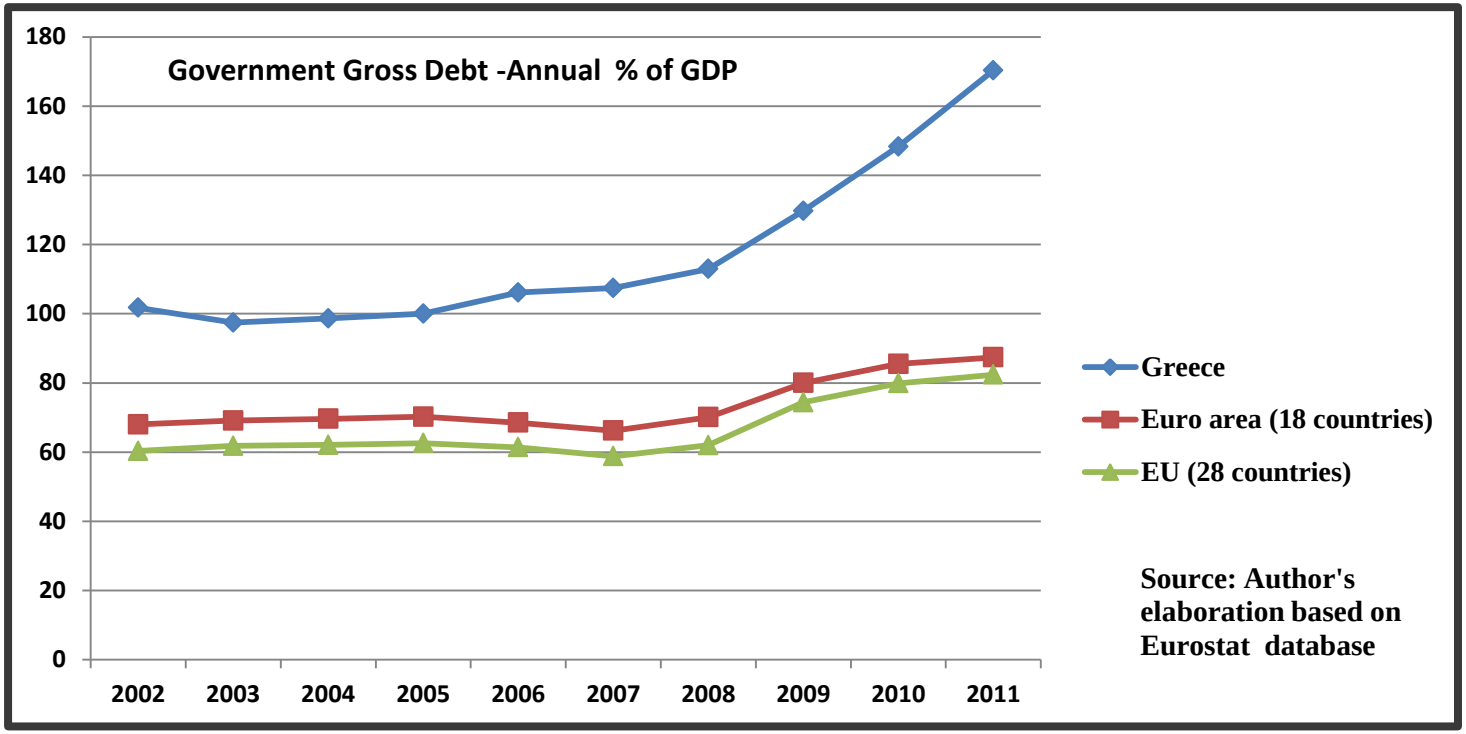
Figure 10: Real GDP and Annual Average Growth Rates in Greece



GDP growth rate reflects the development of the domestic market and is an inflation-adjusted value. Up to 1993, Greece followed a very short term cyclical growth path which was followed by high growth up to 2006. In hindsight, this can be seen as a growth spurt driven by public investment and debt supported by low interest rates. Since this mode of growth was unsustainable in the long-term there was a collapse after 2006, when the Greek economy slowed sharply and began to shrink.

This sharp decline which depressed the economy created negative home market conditions, which in turn played a fundamental role in the rise of Greek OFDI (Figure 4). However, Greek outward investment began rising earlier, reflecting two factors documented in succeeding chapters. First, some firms sensed the adverse market environment earlier than suggested by the official statistics, and, second, other firms were pulled abroad by new investment opportunities. After 2008, the real GDP growth rate turned negative and the economy entered a deep recession. This further accelerated the rise of OFDI.

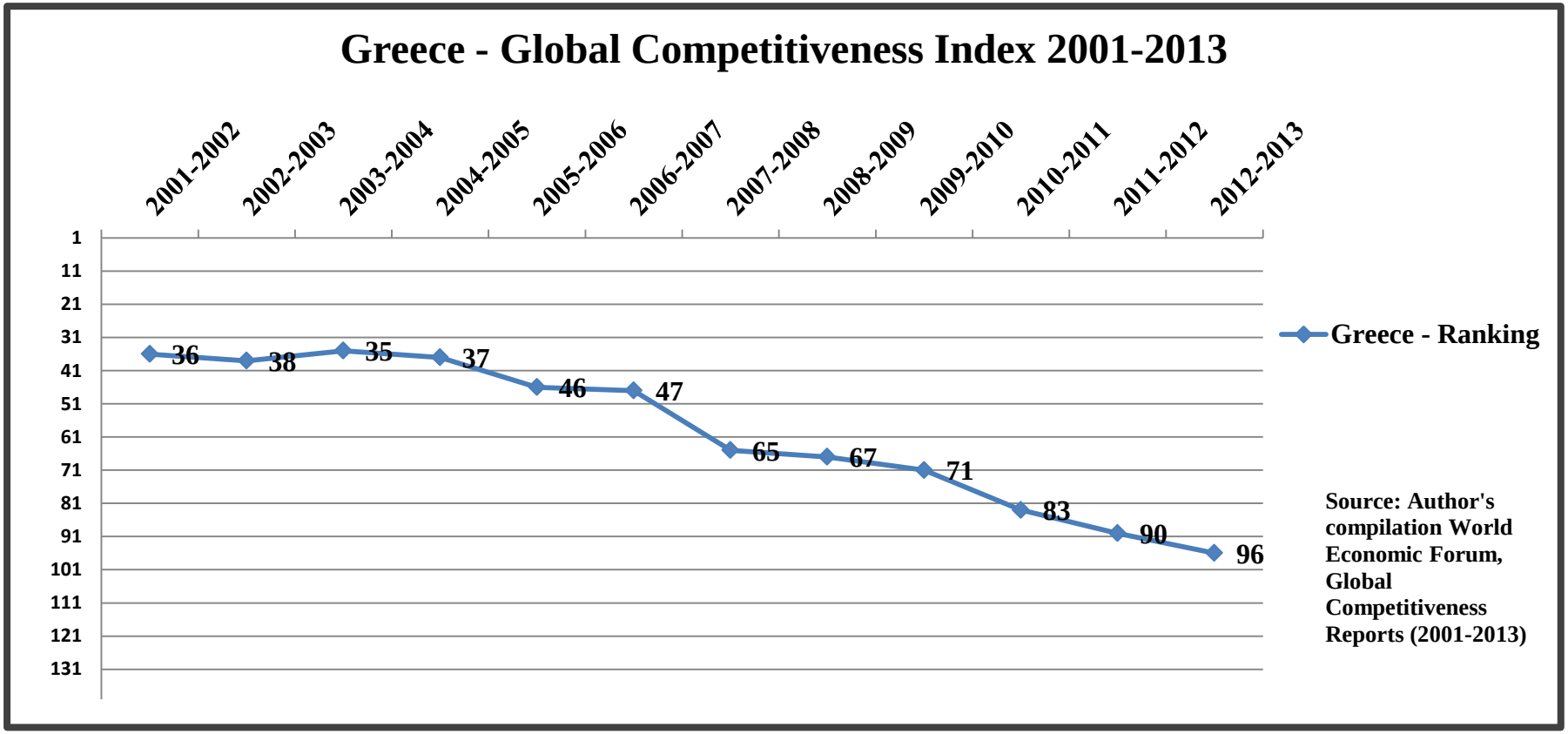
Figure 11: Government Gross Debt Annually as % of GDP



A good illustration of the depth of crisis is the rise in government debt (Figure 11). At the start of the decade, the share of Greek public debt was higher than the share of the EU/euro countries. In 2006, with the onset of the Greek recession the magnitude of macroeconomic imbalances became obvious in the looming public debt which increased from 100% of GDP in 2005 to 170% in 2011 (Figure 11).

We have outlined the macroeconomic features of the Greek economic environment including the striking decline in GDP and rise in public debt. However, the Greek economic crisis had micro-economic roots that were evident before the macroeconomic crisis. These were structural and competitive weaknesses which were present even during the period of growth. These weaknesses in the real economy are demonstrated by the falling Global Competiveness Index (GCI) (Figure 12). The GCI shows the competitiveness rankings for more than 140 countries and "is a comprehensive tool that measures the microeconomic and macroeconomic foundations of national competitiveness" (Schwab 2012, p.4). Greece is among the lowest GCI ranked EU countries; it was ranked 36th in 2001-2002 and declined to 96th place (2012-2013), a historically exceptional fall. So, although more economies have been included in the GCI, in the last decade Greece lost 60 places. This falling behind in competiveness is evident also if we compare Greece with the EU periphery or the South EU economies which, like Greece, have experienced severe Eurozone debt crises (Figure 13), but show significantly smaller losses of competiveness.

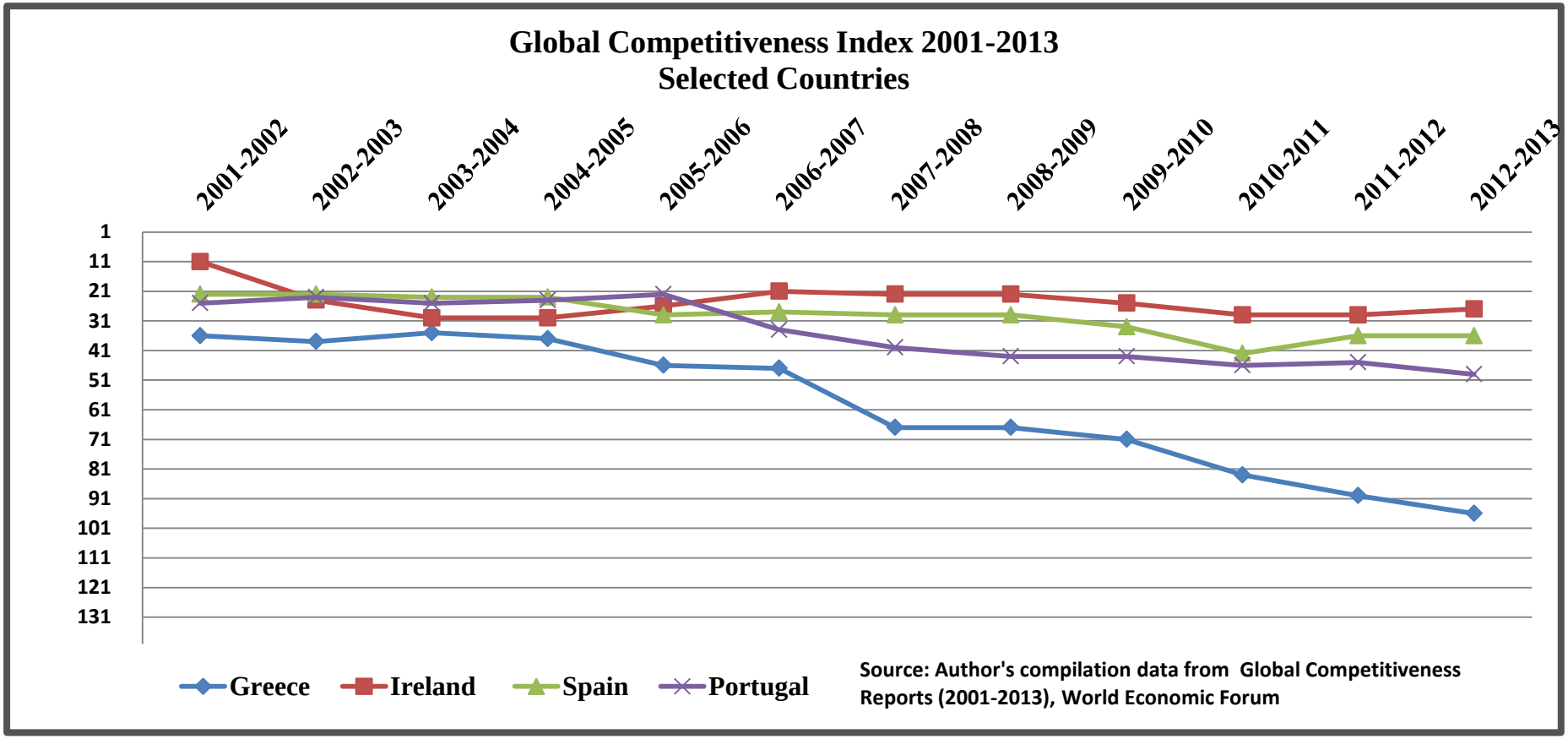
Figure 12: The Global Competitiveness Index-Greece (2001-2013)



Note: The indicator assesses the competitiveness landscape of economies. Ranking: 1 is the best performance each year

Source: Compilation of Global Competitiveness Reports (World Economic Forum 2001-2013)

Figure 13: Global Competitiveness Index-Selected Countries (2001-2013)



Source: Compilation of Global Competitiveness Reports (World Economic Forum 2001-2013)

These features of the Greek economy have had an impact on OFDI, and produced the situation which we call "forced or escape internationalisation". We argue in subsequent chapters that Greek firms were in part forced to expand into SEE due to negative home market conditions. Louri, Papanastasiou et al. (2000) also suggest that Greek firms increased their OFDI in the Balkans as a result of loss of comparative advantage.

Figure 14: Greek Outward FDI by Regions (2001-2012)

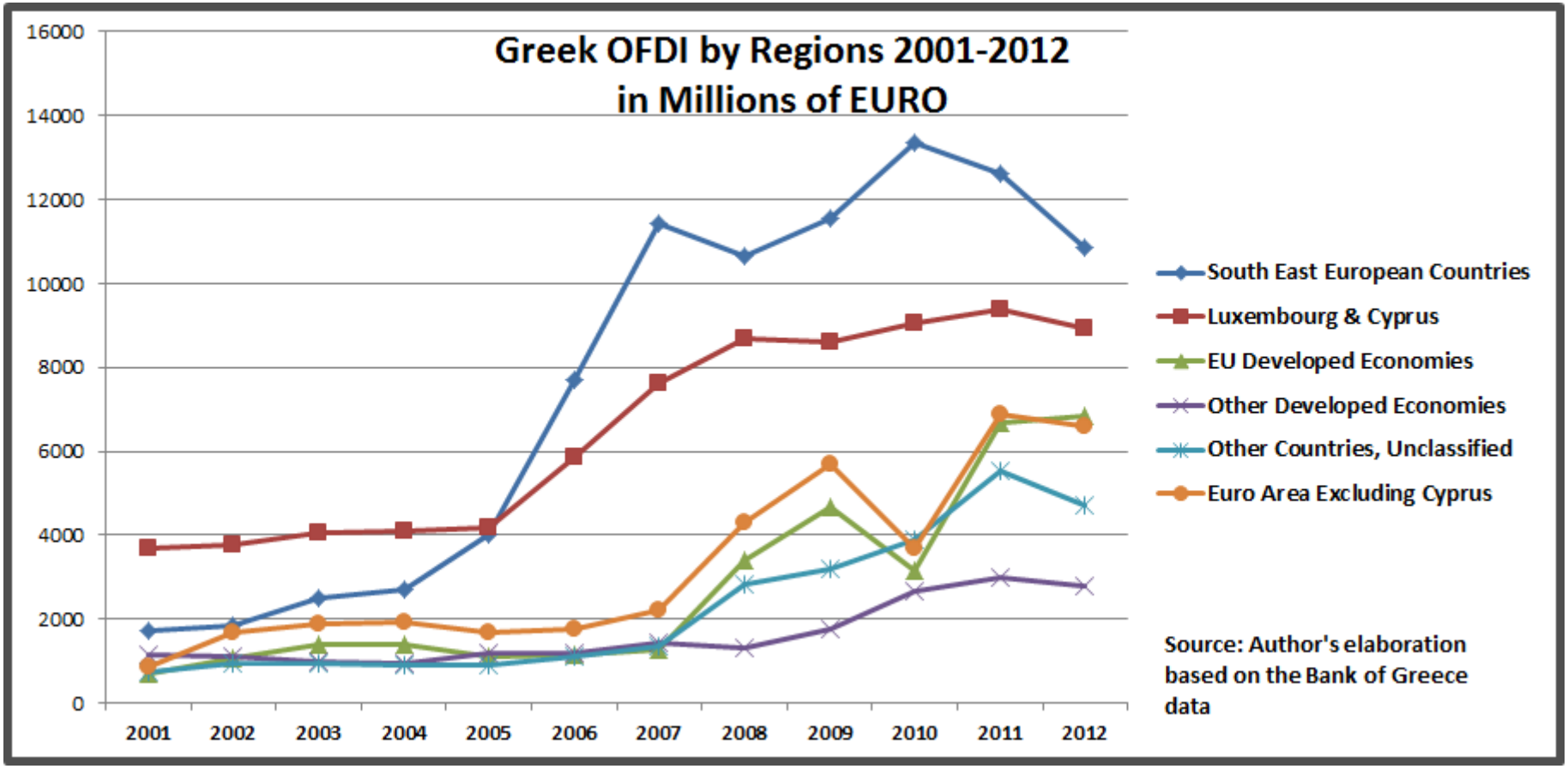
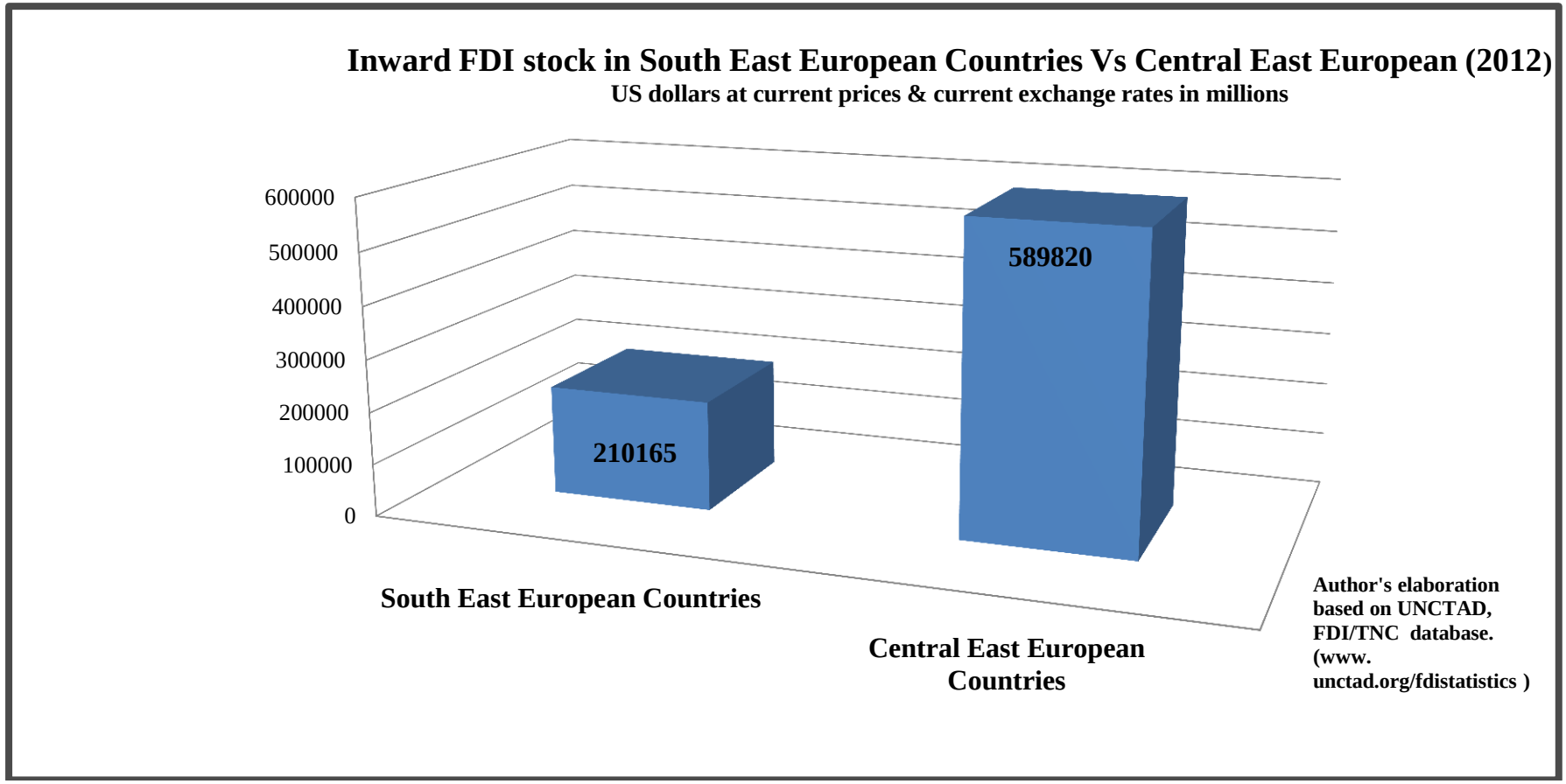


Figure 14 shows Greek OFDI by regions for 2001-2012.[6] The main observation is that Greek OFDI is markedly higher towards SEE countries[7] compared to other areas. Although Greek investments in SEE is higher than other regions real Greek OFDI is larger than reported by the official statistics in SEE countries (Kekic, 2005). This is because some Greek companies prefer to establish their FDI via other countries which offer favourable corporate taxation regimes (Bitzenis and Vlachos, 2012). In particular, Bitzenis (2004, p.12) argues that "More than half of Bulgaria's IFDI flows from tax havens such as Cyprus or Luxembourg which reflect investments by Greek MNEs". So, the real share of Greek OFDI towards SEE seems to be even higher. We isolated the data for Luxemburg and Cyprus and found that the trend is similar to the pattern of OFDI in SEE. If we add the level of OFDI from Luxemburg and Cyprus to investments in SEE the overall figures double.

[6]We grouped countries as follows: EU developed economies include Austria, France, Germany, Spain, Italy, United Kingdom, Netherlands; other developed counties include USA, Russia and Hong Kong. The euro area includes countries in the Eurozone; and "other countries" includes unclassified countries.

[7]We include Albania, Bulgaria, FYROM, Serbia, Republic of Romania and Turkey. The reason for including Turkey in this dataset, is that we want to show the regional direction of Greek OFDI (irrespective of whether these countries are post socialist countries or not).

Figure 15: Inward FDI Stock in SEE Countries Vs. CEE Countries



Greek investments in SEE are substantial which not the case is for FDI in SEE generally. There is a huge disparity in inward FDI between SEE and CEE (Figure 15), which went through similar transition[8] processes though with some delays in the case of ex-Yugoslav countries. SEE countries[9] attracted considerably lower levels of FDI compared to CEE[10] even if we take into account differences in the sizes of the two regions. Potential reasons for this difference may be related to political risks and economic instability (Estrin and Uvalic, 2014). Inward FDI stocks in 2012 were $210,165 million for the SEE countries and almost three times higher ($589,820 million) for the CEE countries.

[8]We use the term transition, emerging and developing interchangeably.

[9] SEE countries include Albania, Bosnia & Herzegovina, Croatia, FYROM, Serbia, Montenegro, Moldova, Romania and Bulgaria. Cyprus and Turkey are not included in this figure for SEE countries because we are referring here to former communist countries.

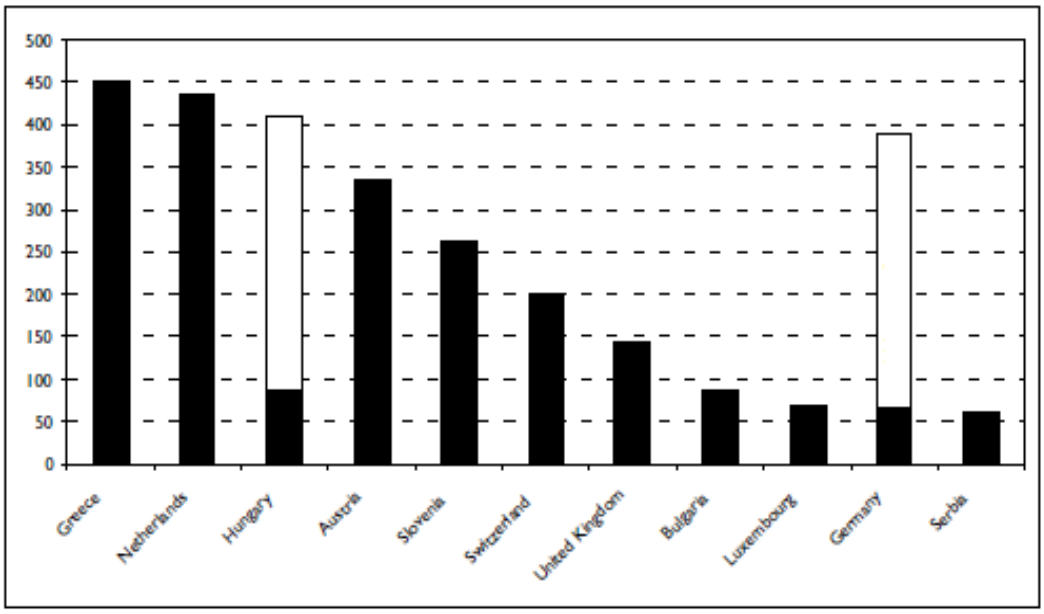
[10]CEE includes Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia.

1.3 Greek Investments in FYROM & in Bulgaria

Our empirical research is focused on two countries: FYROM and Bulgaria where Greek investors play a quite significant role.

Figure 16: Inward FDI in FYROM by Country of Origin (1997-2008)

(In Millions of Euros)



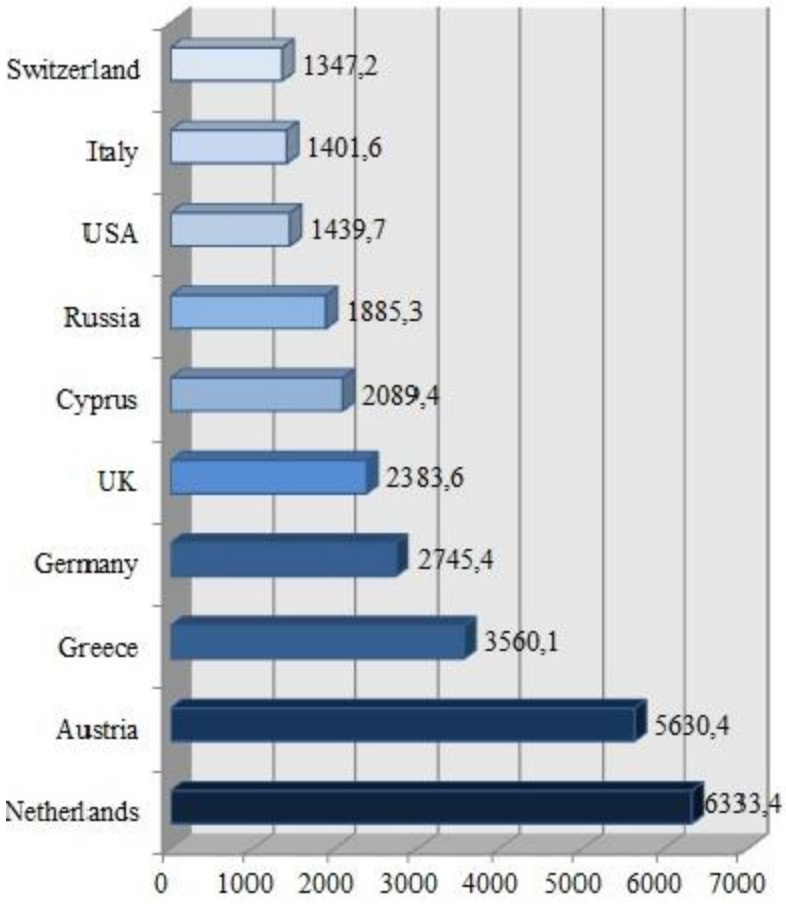
Source: (United Nations Conference on Trade and Development 2012 p.21)[11]

Figure 16 shows FDI flows in FYROM by investing country, and shows that Greece is the largest FDI investor, slightly ahead of the Netherlands. This suggest that Greek MNCs invest in countries where traditional MNCs are adopting a "wait and see attitude" (Karagianni and Labrianidis, 2001).

[11] Note that UNCTAD estimates are based on data from the Central Bank of FYROM (NBRM) (investor countries only) and company reports. Part of the bars are white because "Investment in the country's public Telekom can be attributed to either Hungary (direct investor) or Germany (ultimate owner), although official data register it as Hungarian only".

Figure 17: Inward FDI in Bulgaria by Country of Origin (1996-2013)

(In Millions of Euros)



Source: Bulgarian National Bank, cited by (Invest Bulgaria Agency 2014)

Figure 17 shows FDI flows in Bulgaria by investing country, in millions of euro. Greece is the third largest investor after the Netherlands and Austria which are also among the main investors in FYROM. Total Greek FDI investments from 1996 to 2013 in Bulgaria were €3560,1 million. Data for Bulgaria suggests also that Greek companies invest in countries where other traditional MNCs are adopting a "wait and see attitude" (Karagianni and Labrianidis, 2001; Bastian, 2004).

1.4 Literature on the Issue of Greek OFDI in South East Europe

In this section, we position our research in the context of research by other scholars interested in Greek FDI in SEE.

Iammarino and Pitelis (2000) administered questionnaires to 85 Greek enterprises in Romania and Bulgaria to discover the factors that influence the type and mode of control of FDI in manufacturing and services. They found the following types of investors: exporters, local suppliers and distributors, and joint ventures. The motives for FDI (based on responses to 8 questions) revealed that expected economic growth in the foreign market, geographical location, labour costs, and increase in market shares were the main incentives.

Labrianidis (2001) used country level data to examine the role of geographical proximity in influencing Greek FDI in CEE and found that geographical proximity, FDI importance globally and the trend towards SME internationalisation were the main factors explaining why Greek firms started to invest abroad.

Salavrakos and Petrochilos (2003) examined firm specific and strategic home and host country motives (88 questions with 16 variables) which affect Greek FDI decisions in the Balkans. Based on general theoretical considerations of FDI, they found that by investing in SEE, Greek companies had achieved profitability and competitiveness compared to the home market.

Demos, Filippaios et al. (2004) used an event study methodology to research Greek based firms listed on the Athens stock exchange market, and the impact of FDI on

stock returns. They show that successful OFDI projects tend to be located in developed countries and invest horizontally in the high-technology sector.

Jens Bastian (2004) showed that geographical proximity and investments by banks and telecommunications firms in SEE, serve as catalysts for other Greek firms to expand in the area and that these investments were a strategic decision based on longevity.

Stoian and Filippaios (2005) explored OFDI patterns in EU small peripheral economies, examining entry modes of Greek firms and the institutional determinants of FDI. They found that Greeks with low R&D and no established distribution channels were able to invest in SEE due to slow economic growth and absence of competitors in these countries. They found ownership advantages were not essential in this initial phase of Greek OFDI.

Bitzenis (2006), based on questionnaires administered to 37 Greek firms that invest in Bulgaria, examined the drivers of and obstacles to FDI. Bitzenis found that geographic proximity, market size, low labour costs, prospects for further investments in neighbouring countries, lack of competition and cultural proximity are significant for Greek MNEs, but found no association between investment risk or bureaucracy.

Finally, Kitonakis and Kontis (2008) found that Greek FDI has a positive impact on the host countries, with respect to EU accession. They found also that Greek companies disregard the unfavorable conditions in the host markets compared to other investors. They argue that the variables generally used to explain FDI do not apply in the Greek case.

All these important contributions explaining Greek OFDI and others cited in the text of this thesis constitute inspiration for our final thoughts and the construction of a more complete framework to explain Greek OFDI. In summary, motives for Greek FDI in SEE countries are market growth, geographical proximity, labour costs, profitability, the presence of other Greek companies in the host countries, low levels of competition in these markets, the role of EU membership as a catalyst for investments, capability to operate in countries with unfavourable conditions, etc.

The novelty of our research is that we examine all these factors jointly in a conceptual push-pull framework which includes new variables such as adverse demand conditions in the home market. In nutshell, we examine both the role of home and host motives and obstacles to OFDI. We questioned 152 CEOs (structured interview with the use of the questionnaire) face to face in these countries and used approximately 500 variables. In addition, this thesis explores both conventional and emerging market theories. Finally, in order to get a holistic perspective, we examine the issue of OFDI at three levels: country, firm, and industry. Also this research covers 65% and more than 80% of the sample populations in FYROM and Bulgaria respectively[12].

The end result of this research is a push-pull framework that can explain not only Greek OFDI but also when FDI is expansionary, which means that the company possesses ownership advantages, and when it is escape FDI, which means that the company does not possess ownership advantages and faces negative home market conditions and is pushed into FDI.

[12] See, Table 7: Sample of Business Research Population (p.110).

1.5 Key Findings & Contributions

In a continuously changing business world FDI patterns cannot be static. FDI theories primarily interpret FDI trends in strong economies and firms towards other developed or less developed economies as "expansionary" FDI from the domestic economy to destinations abroad.

Nevertheless, some developed economies are falling behind and face push factors while some emerging economies already have features of developed markets. So there is a need to develop an approach that is not restricted to either develop or emerging MNCs and markets classifications.

However, there is no single FDI framework able to describe and categorize all these phenomena. We propose a generic framework based on push and pull factors (chapter 3). Greek OFDI provided an excellent case for applying the push-pull framework because it integrates interpretations and characteristics of FDI from both developed and emerging economies, within a holistic conceptualization of OFDI. The next step, following Narula and Guimon's (2010) recommendation of a deeper understanding of FDI, is to test this framework at the three levels of country, industry and firm.

At the country level, (chapter 4) we try to explain the Greek FDI paradox: "How can a country with low inward FDI and adverse home market conditions be a strong investor via OFDI in SEE?" In particular, we observe the behaviour of Greek firms in Bulgaria and FYROM, countries with very high levels of Greek OFDI activity. We made some 450-500 phone calls to identify Greek companies involved in FDI in these countries (they have parent companies in Greece) and constructed a questionnaire comprising approximately 500 questions, which was administered to 152 firms . The aim was to capture and understand whether the mainstream (e.g. OLI) and emerging

(e.g. LLL, COA) literatures could explain this phenomenon. Based on all three theories it would be expected that negative home market conditions would impede OFDI.

Our analysis shows that these theories do not provide an adequate explanation of Greek OFDI, so we propose an alternative interpretative framework. In particular, we argue that OFDI can be determined, firstly, by four main groups of factors in the home market, which push the company to invest in another country in order to survive. Similarly, we propose a second group of host market factors that pull the company to invest in that country. In short, our finding is that mainstream and emerging theories (e.g. OLI, LLL and COA) do not explain the phenomenon of partly "forced internationalisation", which it would seem, best describes Greek outward investment.

We find that, at country level, (chapter 4), Greek OFDI is not an expression of superior ownership advantages, but is a vehicle for these companies to survive by internationalising in neighbouring markets. In particular, we find that adverse demand conditions are a significant push factor, and geographical proximity, linkages and institutional specificities are significant pull factors. We find also that Greek investors in FYROM are more determined and are pushed more than those investing in Bulgaria, although both are affected by push factors. Our framework suggests that stronger push factors mean escape type investment, while stronger pull factors mean expansionary type investment.

After discussing the factors that push Greek investors to different countries, we try to identify whether there is any difference in the behaviour of Greek firms among industries (chapter 5). The novelty of this approach is that we investigate four

industries simultaneously (rather than just a single industry) and check for differences in their characteristics. In other words, we are interested in whether the behaviour of Greek manufacturing and trade industries, in terms of FDI, differs from that of Greek services and construction industries. In particular, we explore industry differences as well as the industry relevance of the OLI framework in the context of "forced internationalisation"(i.e. OFDI affected also by negative home market conditions). To achieve this we operationalise, expand on and add new variables to the OLI framework. The next step is to test which of these operationalisations, expansions and novelties is empirically proven by our data. We conduct a statistical analysis in order to understand which OLI factors are industry specific, group shared or common.

Overall, we found that the OLI varies significantly across the four industries, and across all industry pairings; therefore, it can be argued that it is an "eclectic" framework since different parts of it can be used selectively to explain various differences. After identifying the variability in the operationalisation of the OLI, the next step is to apply our own framework and try to understand how the FDI behaviour of firms in different industries can be explained. To achieve this, we create two groups of industries which are quite similar - manufacturing and trade, and construction and services.

Our results show that both push and pull factors are significant for explaining the FDI behaviour of these industries, and highlights underexplored push factors which are evident and relevant in the context of "forced internationalisation".

Across all specifications, we see that there are both push and pull factors that explain if the company is a manufacturing/trade or services/construction, which supports the relevance of a push/pull framework. We find that industry specific push factors

include adverse demand conditions such as de-industrialization in the home market, cost pressures and adverse institutional environments such as credit time payment[13] between supplier and customer in the home market which create further money liquidity setbacks. This money liquidity problem in the home market reduces home market profitability and pushes the company to invest in host markets which eases liquidity constraints.

Pull factors include presence of Greek companies in the host market, fast raw materials provision from the parent company, bilateral agreements with post-communist neighbours, and asset acquisition investment, all of which are significant for explaining the differences among industries. To sum up, we suggest that stronger push factors suggest escape FDI while stronger pull factors suggest expansionary FDI. In our case, the manufacturing and trade group faced more and stronger push factors than the other group.

Finally, at a firm level, (chapter 6), we are interested in whether there are other characteristics that group companies together and, potentially, identify differences and similarities in their OFDI behaviour. We found four main types of Greek investors: crisis, healthy, satellite and lead.

We define crisis and healthy investors based on whether push factors were the main criterion for their decision to engage in OFDI. For satellite and lead investors, we use the concept of linkages as the defining criterion, and argue that companies that follow their customers (cf. lead investors) abroad are pulled by them and are satellite investors.

[13] The credit time between supplier and customer is the time of product/service payment between the parties.

Interestingly, crisis and satellite investors are driven by increased competitive pressures. Lead and healthy investors are not affected by major push factors to internationalise, but want to expand in the host market.

In terms of outcomes, our results are similar to Mathews (2006a; 2006b; 2006c), who argues for some modification of the OLI. However, while he considers his LLL framework as complementing OLI, our push-pull framework is intended to be *a generic framework that integrates both the OLI and LLL models*.

To conclude, this research demonstrates the important role of push-pull factors for explaining OFDI. The context and, especially, negative home market conditions which we label push factors, are not present in either Dunning's OLI or Mathews' LLL frameworks.

Overall, this work provides a conceptual contribution to the literature by proposing an alternative classification framework to explain OFDI which encapsulates the continuous positive and/or negative home market changes in developed or emerging countries. A joint push-pull model could explain the OFDI behaviour of countries, industries or firms and indicate when investment is expansionary or escapist, that is, whether the push factors lead to escape FDI "forced internationalisation"(i.e. OFDI affected also by negative home market conditions) or the pull factors lead to expansionary FDI.

Chapter 2: Background Theories on FDI and the MNCs

2.1 FDI Mainstream Theories

This section reviews the main theories of FDI in the context of their role in explaining the Greek OFDI in transition economies with special reference to SEE countries, Bulgaria & FYROM. The underlying aim is to examine the adequacy of well-established FDI theories vs. the need for a new conceptual perspective to explain patterns of FDI similar to those for Greece.

2.1.1 Neoclassical International Trade and Capital Market Theories

Neoclassical international trade and capital market theories[14] consider FDI strictly in financial terms, as the movement of funds given immobile factors. The movement of funds is driven solely by differences in rates of returns which are usually proxied by interest rates. In developing these theories, neoclassical economics assumes perfect capital markets, perfect knowledge, no risks or uncertainties, and a rational investor who shifts funds to locations with the highest returns. Some theories, assume that each country has different labour, capital and natural resource endowments (different factor endowments), which then influence the costs of production and, thus, the rates of return. The proponents of these theories argue that scarcity of resources and high labour costs drive funds one way, from developed to less developed countries with lower production costs (Caves, 1996, cited in Vasyechko, 2012).

[14] These theories related not only to FDI but to all foreign investments in general (capital movements).

Critique of Neoclassical Theories

The assumptions in neoclassical theories (e.g. Ricardian, the Heckscher–Ohlin Samuelson, Leontief Paradox, Mundell's model) are too idealistic and lack predictive power in a complex international environment; consequently, they fail to explain FDI and the existence of MNCs (Hosseini, 2005). We do not discuss these arguments extensively. Suffice it to say that Hymer (1976) concludes that the assumption of perfect competition in neoclassical theory is incompatible with the existence of FDI. Capital markets are not perfect and can be distorted by government policies that impose taxes on international capital movements (Faeth, 2009, p.167), and by pervasive information asymmetries and uncertainties. These theories do not provide a good explanation for capital movements in the context of transition countries, where capital markets are far from perfect and fundamental market institutions are underdeveloped (Vasyechko, 2012, p.122).

2.1.2 New Trade Theories Applied to the MNC

International trade refers to the exchange of products (finished or semi-finished) across national borders. Following Smith's, Ricardo's and Heckscher-Ohlin's classical trade theories, new perspectives, described generally as New Trade Theories, were proposed by numerous contributors including: (Dixit and Stiglitz 1977, Krugman 1979, Ethier 1982, Helpman 1984, Krugman 1985, 1991, Dunning 1995b, Krugman 1995, Markusen 1995, Markusen and Venables 1998, Ietto-Gillies 2000, 2007, 2012, 2014).

New trade theories reflect the increasing importance in the world economy of specialization, which stems from agglomeration economies, technology and networking, which, in turn, lead to imperfect competition. The application of new trade theory to MNCs was from two perspectives. The first and most long-established, analyses FDI in developing countries, the second focuses on FDI in developed countries (Ietto-Gillies, 2012). In this section, we investigate the former in order to explain Greek OFDI towards SEE economies (OFDI from a developed to developing economies).[15]

The key emphasis in new trade theories and FDI from developed to developing countries[16] is on differences in factor endowments, and vertically integrated FDI as the mode most suited to exploiting these differences. In the context of new trade theories, MNEs can either integrate different activities across countries at different levels of development, or they can separate these activities geographically. In either case, these actions provide the MNEs with strong internalization advantages. So, under this framework, the MNC is characterized by direct production in the host market (in order to exploit differences in factor prices while supporting intra-firm/industry transactions) and not establishment of a foreign affiliate to sell at arm's length from the parent company (Ietto-Gillies, 2012).

[15] An overview of the literature on developed/industrialized countries, MNCs and new trade theories is provided in Markusen, J. R. and A. J. Venables (1998) , Barrios, S., H. Görg and E. Strobl (2003), Ietto-Gillies, G. (2012).

[16] Some of these are assumed also in the case OFDI between developed countries.

Critique of New Trade Theories

The role of new trade theories to explain MNCs tends to be extremely restrictive with limited applicability[17] and empirical validity even for developing countries, (Lucas 1988, Alam 1994, Bardhan 1995). Although, these models were developed to acknowledge the important role of MNEs in world trade, operationally they were not successful and rather were problematic and contradictory (Ietto-Gillies 2007, 2012, 2014). Main conflicting elements for these theories are the interrelationship of trade and FDI and the costs versus benefits which can be revealed when operating inter-regionally versus inter-nationally (Ietto-Gillies, 2000,2012, 2014).

Fundamental to this framework is the production of finished or semi-finished products linked to increased economies of scale, joint inputs (scope), and increased intra-firm/industry trade. However, these attributes fit the manufacturing industries, but do not consider the industry features of services and construction firms which have no trade links with the host or home markets or the parent company. Although new trade theory considers also service activities, such as R&D and advertising, they are perceived as joint inputs involving the parent firms. Thus, manufacturing industry theory does not explain the developments in other industries.

New trade theory assumes that the motive for OFDI is the difference in factor endowments between two countries, e.g. developed versus developing countries, and assumes technology advantage of advanced economies (Wangwe, 1993) combined with strong internalization advantages. New trade theory cannot explain the existence of internationalised firms which do not possess such advantages, e.g. how Greek OFDI firms with weak technological advantages, under pressure from foreign competition in their home market, can expand into SEE countries.

[17] For extensive critique of New Trade Theories see Ietto-Gillies, G. (2000, 2012, 2014)

Also, new trade theories are applicable to monopolistic and to oligopolistic industries,[18] but they cannot explain MNEs in more competitive industries, e.g. services. In addition, monopolistic and oligopolistic industries are based on company-generated scale economies; other important external factors such as negative home market conditions, de-industrialization and shrinkage of the home market are not included in the framework. New trade theories predict direct production and ignore its complementarities with trade. For example, in the case of Greek OFDI, many manufacturing companies use the foreign affiliate as an arm's length firm to deliver exports to the host market, i.e. as tool to facilitate trade. New trade theories see the foreign affiliate as the supplier of joint inputs (e.g. labour intensive components) for the parent company.

In addition, based on new trade theories, we would expect investments between developed and developing countries to be associated largely with vertically integrated firms (joint inputs e.g. labour intensive components produced and used within the firm) (Ietto-Gillies, 2007). However, Greek OFDI towards SEE countries is primarily horizontal investment[19]. New trade theory sees horizontal investments as occurring only between developed countries.

So new trade theories have some shortcomings for explaining some of the stylized facts related to the current world economy and MNEs. On a theoretical level, the numerous assumptions of new trade theories minimizes a lot the importance and their influence to international business (Morgan and Katsikeas, 1997). Ietto Gilles (2012, p.142) points out that "new trade theorists find the empirical reality does not quite fit

[18] The use of this framework to explain oligopolistic industries and conditions has been questioned for discussion please see, Alam, A. (1994) and Ietto-Gillies, G. (2014)

[19] This issue is discussed extensively in the following chapters, particularly in chapter 6 Table 43 (p.241)

the conclusions of their models". She adds also that other issues, such as institutional or political, should be considered in relation to MNCs and their operations. We would suggest that push factors (e.g. negative home market conditions) should be taken into account when discussing determinants of MNEs behaviour.

2.1.3 Monopolistic Theories as Determinants of FDI

With the emergence of multinationals in the 1960s, and the inability of neoclassical theories to explain their behaviour, a new set of theories was proposed, aimed primarily at explaining the behaviour of MNCs. These theories refer to microeconomic analysis of MNCs based on industrial organization theory (Cantwell, 2000; Vasyechko, 2012)

According to the theory, the motivation for OFDI is not simply better rates of return, it is based also on the desire to exploit the firms' ownership advantages and market power abroad to increase its profits (Hymer, 1976; Ietto-Gillies, 2005, p.197), which suggests it is expansionary FDI (Chen and Ku, 2000). The firm first develops market power in the home market, acting on its own or through mergers or collaboration with others, and eventually dominates the home market. When it is clear that there is no more space for the company to grow domestically it expands abroad and eventually dominates the foreign market (Hymer, 1976; Cantwell, 2000). To achieve this, MNCs need to possess "monopolistic advantage" (Hymer, 1976), based primarily on non-financial and ownership-specific intangible assets.[20]

[20] Examples of such advantages include: product differentiation, managerial and marketing skills, technological advantages, firm-level economies of scale (Kindleberger, 1969, cited in Forsgren, 2008).

The issue of control is one of the most important developments in this theory. Hymer (1976) refers specifically to neoclassical capital movements as portfolio investment, and classifies the behaviour of multinational enterprises (MNEs) as direct investment. The main difference between portfolio and direct investment lies in the issue of control, which is specific to FDI. Control allows the company to expand its market power by removing competition and avoiding conflicts among firms while exploiting its advantages (Ietto-Gillies, 2005, p.197). Thus, instead of exporting/licensing to the investing economies the firm decides to exchange intermediate inputs across countries by acquiring control of the new firm in the foreign country. These ownership advantages (developed further by Dunning in his OLI framework) allow the firm to overcome the additional costs involved in operating in a foreign environment or the "liability of foreignness" (Hymer, 1976; Zaheer, 1995; Hosseini 2005; Chen, 2006; Rugman, 2010).

Critique of Monopolistic Theories

As discussed above, a firm must possess counterbalancing advantages in order to expand and overcome the liability of foreignness. Kindleberger (1969), (as cited in Forsgren, 2008, p.17) contributes to this theory and proposes a number of potential advantages that the firm should possess in order to invest abroad. However, he does not explain which of these advantages is the most important for the retention of market power. The theory assumes that large companies have control or market power (Faeth, 2009, p.167). However, there are Greek companies[21] which internationalise while declining or experiencing industry shrinkage. Thus, we cannot argue that they transfer their monopolistic power and control from the home market to the host

[21]There are of course some exceptions, such as OTE (telecom industry - regional player) and Titan (cement industry – global player), but these are few.

market via FDI. Also, the majority are in competitive industries and the market power approach is a monopoly approach related to monopoly or oligopoly industries.

The theory proposes that a company, in order to invest in an unfamiliar environment, should possess firm specific advantages which enable it to overcome the liability of foreignness. So the question arises: "How do Greek entrepreneurs overcome this liability if they do not possess these kinds of advantages?"

There are other aspects that suggest that Hymer's approach cannot explain Greek FDI. For example, he assumes that direct investment is concentrated in specific industries throughout the world, rather than in various industries in a particular country (Hymer, 1976). This means that direct investment is industry-focused. However, Greek entrepreneurs invest in various industries, such as telecommunications, banking, tobacco, food/beverages, retail, aluminium – non-ferrous metals, construction, etc. and mainly in the SEE region.[22] Therefore, Greek FDI is not industry-focused as assumed by the theory, but covers a wide range of industries in a specific region.

The market power approach assumes that Greek firms build positions of market power in the domestic market and then in their respective international markets. However, it seems that the majority of Greek firms expand abroad based not on high industry concentration or increased market power share. Greek firms would seem to establish FDI activities in SEE because they are unable to secure market share in the domestic-EU market. Greece is at the bottom of the EU league in terms of competitiveness indicators so the market power approach ignores loss of competitiveness as a potential determinant of FDI.

[22] See Appendix 1 Greek Parent Industries, Investors in Bulgaria & FYROM (p.298).

This theory also does not consider adverse demand conditions in the home market, such as low customer purchasing power, as a determinant of FDI. It perceives the firm as an active rather than a passive agent in the market. In Chapter 6, we show that Greek investors are crisis driven investors; in other words, they are investing in SEE due to adverse home market conditions.

Greek enterprises are investing in countries where well established investors are adopting a "wait and see" tactic (Karagianni and Labrianidis, 2001). Why is Greek FDI not confined MNCs with the advantages that market power theory conventionally advocates?. This theory emphasize that there are cross investments between countries. However, SEE countries are not OFDI investors in Greece.

2.1.4 Theory of Internalization-Transaction Costs

The theory of internalization (or transaction costs),[23] is based on Coase's (1937) conceptualization in his article "The Nature of the firm". Although Coase developed his theory for domestic firms, Hymer (1976)[24] and others[25] have applied his notion to the context of international firms.

The main idea is that the expansion to new countries can be achieved through internal managerial coordination and is preferred to the involvement of external firms through, e.g., licensing or/and market prices, since internal procedures are more advantageous and can increase efficiency and eliminate market transaction costs.

23 Internalization is similar to and linked to transaction cost theory, see Teece, D. J. (1986).

24 In this sense, Hymer was the first transaction-costs/internalization scholar, "The firm is a practical devise which substitutes for the market. The firm internalizes or supersedes the market" (1976, p.48) .

25 There are many contributors such as: Buckley P. J. and Casson M. C., (1976, 2009), Dunning (1979); Rugman A. M. and Verbeke A., (2003) ; Henisz W. J (2003)

Internalization occurs for a variety of reasons including lack of markets, inefficiency and high risks for important intermediate inputs and intangible assets such as technology, knowledge, R&D, opportunism, bounded rationality, imperfect information, uncertainty, etc. The internalization process provides protection and allows the firm to retain its firm specific advantages (FSA) such as proprietary knowledge, without fear of competitive loss. The greater the company's risk of losing its FSA from outsourcing the higher the incentive is to adopt an internalization strategy. In addition, Hood and Young (1979) and Calvet (1981) note that a company is not only supposed to possess FSA, it should also have the ability to internalize these advantages, rather than selling them.

Critique of Theory of Internalization-Transaction Costs

Rugman (1986, p.104) states that "due to its generality, internalization can be seen as an approach rather than a theory". This theory includes internalized investment of scarce resources and superior assets, which leads to the firm achieving a monopoly position. Thus, this theory applies mainly to oligopolistic/monopoly industries.

Buckley and Casson (1976, as cited in Ietto-Gillies, 2007) point out that internalization theory explains the necessity for direct investment especially for companies with high levels of R&D. However, this does not apply to Greek firms. Internalization theory better explains the behaviour of specific oligopolistic industries such as Hellenic Petroleum vertical investments rather than the majority of Greek FDI which involves a wide range of horizontal industries. Furthermore, FDI inflows in SEE are generally low compared to CEE due to poorly developed infrastructure and institutions in these countries. So, the questions that arise are: "Why is it efficient for Greek firms with no R&D or other ownership advantages, to exploit the benefits of

internalization? Why is it not possible for other developed MNC firms to exploit these benefits?"

According to internalization theory, in a high-risk environment such as SEE, it is not optimal to invest due to difficulties involved in internalizing FSA. Another argument is that firms with strong advantages and sufficient resources use greenfield as the mode of entry[26] (Hennart and Park, 1993; Nitsch, Beamish et al., 1996)**.** Our findings suggest that Greek firms do not have these advantages although 70% of them enter through greenfield investment.[27]

2.1.5 Vernon's Product Life Cycle Theory

In 1966, Raymond Vernon proposed the product life cycle (PLC) approach, which argues that a product's development goes through stages. The advantage of this theory is that it explains the relationship between product, technology (R&D), trade and FDI and describes it is as an orderly sequential process (Ietto-Gillies, 2005). The key idea is that a product can be conceptualized, standardized and matured in a developed, high income country such as the USA. The firm, as a technology leader and product innovator in a developed country, will complete the stages from exporting to FDI. PLC theory is based on the concepts of location and product innovation. The rationale is that international production can be viewed as taking place in three stages (Vernon, 1966), each of which is associated with a specific oligopolistic behaviour:

[26] Applications of transaction cost theory have become fairly common in entry-mode investigations see Anderson and Gatignon, (1986); Erramilli and Rao, (1993); Brouthers and Brouthers (2000).

[27] Appendix 2: Parent Company Export/Investment Activities Prior FDI & Ownership Structure and Mode of Entry, FDI in Order to Re-import Products/Services (Row 2D, p.299).

New Product Stage

In a large developed market such as the USA,[28] new products are introduced by an innovation-based oligopolistic firm. At this stage, the new innovative product is still not standardized. The role of a developed market with high average income per capita consumers is important because this type of consumer will provide feedback to enable further development of the product towards standardization.

Maturing Product Stage

Once the product has become standardized in the home market, it can be exported to other countries. There are growing markets, but also increasing competitive pressures as the product matures. At this stage, there is increasing demand and need for mass production and lower costs. This prompts companies to re-locate production abroad.

The Standardized Product Stage

This is the stage of mass production, where there is intensive imitation, price competition and need for lower production costs. "FDI becomes inevitable, as tariffs tend to constrain further exports. Scale economies tend to be exhausted at home and servicing foreign markets becomes very difficult" (Pitelis and Argitis, 2009, p.13). As a result, home country exports are displaced via FDI in low-cost-locations such as developing countries. From these new low cost-locations, products are shipped to the home market and to other destinations. In the meantime, the headquarters company is forced to develop new products and technologies (Vernon, 1966) as a "prime global innovator" (Gao and Tisdell, 2005, p.38).

[28] "Vernon argues that the economic and social environment of a high per capita income and capital abundant country – the USA – creates the conditions for new products to be developed. " (Ietto-Gillies, 2007, p.198)

Vernon's Product Life Cycle Theory Mark II

The original PLC theory has experienced several revisions and criticisms (Cantwell 1995; 2000; Ietto-Gillies, 2005) including from Vernon (1979) himself. Vernon understood that changes in the international environment and conditions affected his primary theoretical pillar, which assumes a leading advanced industrialized country (USA) with innovative firms and high income consumers. More specifically, the development and convergence of other countries as advanced industrialized innovative areas, e.g. European common market countries and Japan, extend the "map" of internationalisation and innovation. Moreover, innovative firms, high-income sophisticated consumers and MNCs geographical spread in many more developed markets created issues regarding product diffusion. For example, the speed of new market product entry in other areas largely decreased (Ietto-Gillies, 2005).

As a result, (Vernon, 1979, p.265) suggested that his theory was still useful for explaining the activities of smaller innovative firms, without global networks, producing un-standardized products and following the PLC sequence of export and investment.

Moreover, he accepted that there was still explanatory power related to product diffusion between developed and developing markets (Ietto-Gillies, 2005). But, the main idea of product innovation and firms' technological monopolistic advantage remains the same.

Critique of Product Life Cycle Theory

At least in the initial stage, this theory refers to oligopolistic R&D firms so cannot be applied to competitive industries. Furthermore, PLC theory assumes that FDI flows

one way, i.e. from the USA to European developed countries and then to developing countries thus, it cannot explain the phenomenon of simultaneous and reverse flows of FDI from developed to developing and vice versa (Vasyechko, 2012).

Another problem is that it can be applied to companies with export activity, such as the manufacturing industry, but does not explain the behaviour of the services or construction industry, or sectors such as banking. Also, even for the manufacturing industry, as a stage theory it has limitations (e.g. the company could omit a stage or it might invest in a country without having previous exports links).

This theory, even after Vernon's revisions (which still emphasize the firm's oligopolistic position), can be applied only to manufacturing firms in the Greek market that hold a monopolistic/oligopolistic position. This theory assumes that R&D, innovation and technology advantages are essential for product development and internationalisation, although, as already mentioned, this is not a competitive advantage for most Greek firms.

Also, most Greek enterprises that are expanding operations to SEE market are not producing fully innovative and differentiated products. Even in the case of telecommunications, most of them buy technology know-how from other countries e.g. Italy.[29] In addition, the same standardized products that they are producing/ selling in the Greek market are the products they provide in the host market. Also, they do not re-export them back to the home market.[30]

[29] Table 5: Parent Company Technology Advantages (p.100).

[30] Appendix 2: FDI in Order to Re-import Products/Services for Parent Company or/and Greek Market (Row 2F, p.299).

Thus, firms that are not characterized as global technological leaders in the home market are investing in SEE efficiently, which is not explained by this theory.

2.1.6 The Internationalisation Stages Approach

Scandinavian scholars (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977; Johanson, 1990) worked on the internationalisation of Swedish manufacturing firms and first described the mechanisms of internationalisation stages. This is a behavioural approach to the firm, characterized by a gradual process of international involvement which came to be known as the Uppsala School or U-Model.

According to the U-model, internationalisation stage theory takes place in four main steps in a linear pattern. In the first phase, firms have no regular export activity; in the second, they export through independent representatives (local agents); in the third stage, they establish a sales subsidiary; and in the fourth stage create a production/marketing subsidiary (Johanson and Wiedersheim-Paul, 1975).

Two elements that influence this process are "psychic distance" and "market size" which determine the level of commitment. Initially, the firm will start to internationalise in smaller (less need for firm resources and less competitive market) and more familiar (shorter psychic and socio-cultural distance) countries and gradually, as they acquire appropriate knowledge and experience, they expand to other foreign markets (Quer, Claver et al., 2008, p.15). According to this theory, as knowledge/experience of investing in foreign markets increases (as they proceed from one stage to the next, from no regular export activity to increased market knowledge, to export through independent representatives) there is increased commitment to the host country and development of "market resource commitment". FDI then is the outcome of the interaction between these processes (Johanson, 1990; Meyer, 1998).

So, the firm's competitive advantages are based on experiential market knowledge. This knowledge facilitates the identification of business opportunities and difficulties in a foreign environment, and reduces market uncertainty.

Internationalisation stage theory has also been revised. The core theory is unchanged, but it includes a view of the business environment and markets through the lens of firms' networking relationships. It recognizes that knowledge is gained through networking, which is a source of trust and further commitment (Johanson and Vahlne, 2009). Also the concept of liability of foreignness is described as the liability of outsidership.

Critique of Internationalisation Stages Approach

Internationalisation stage theory is a behavioural theory which is based on certain stages during which the firm overcomes the initial limitations of that stage and progresses to the next towards further internationalisation. Although the theory developers have tried to be flexible and to note that is not necessary to follow all the stages strictly (Johanson and Wiedersheim-Paul, 1975), there is a problem related to the basic corollary of the theory which says that a firm expands abroad based on experience and knowledge gained in foreign markets (Guillén and García-Canal, 2009, p.26). As the company slowly and gradually expands abroad and as its experience increases, it invests more, but this implies that the theory cannot explain cases where companies invest directly in a country without any prior experience in a foreign market (e.g. investment patterns that telecommunications or construction industries follow).

This model assumes also that "when market conditions are stable and homogeneous relevant market knowledge can be gained in ways other than through experience"

(Johanson and Vahlne, 1990, p.12). However, SEE countries are not stable markets. They are in a state of political and economic instability, which makes dissemination of knowledge and information difficult.

According to the theory, even in the revised model, the firm's incremental involvement abroad depends on the development of knowledge, and market commitment, which are time consuming (Johanson and Vahlne, 2009). However, looking at the Greek case in particular, this theory does not explain the fact that Greek firms have not expanded "gradually" abroad, and that their expansion could be characterized as "boom" expansion since the end of 1990s.[31] In addition, OFDI is a new activity for the vast majority of Greek enterprises; this implies that Greek entrepreneurs have limited knowledge of these foreign markets. Although Greek firms can recognize opportunities and difficulties in SEE markets, this is the result of ability developed through operating in a rather uncertain home market environment, e.g. unstable tax system. This experience is not related to previous entrepreneurial relationships with the host market, as the theory suggests.

The revised theory, which considers changes in business conditions and firm behaviours, cannot predict the case of partially "forced internationalisation". It also does not apply to adverse home market conditions and their role as a push factor for foreign investment. The Uppsala model explains the characteristics of firm internationalisation stages (Johanson and Vahlne, 2009) and, thus, is an "internalist" FDI theory focused on networking with little attention to other external factors such as negative home market conditions as an FDI push factor.

[31] See Figure 4: Inward Vs. Outward Stocks in the Greek Economy (1980-2010) (p.25).

2.1.7 The OLI or Eclectic Paradigm Approach

The eclectic paradigm (or OLI framework) was proposed by John Dunning. He offered an influential theoretical framework and a useful tool for empirical FDI analysis, (Dunning 1979; 1980; 1988; 1995; 2000; 2001). Thus, Dunning's contribution is not a MNE or FDI theory per se (Dunning, 1988), but rather a synthesis of elements from diverse FDI theories. The key to his OLI framework is the co-existence of ownership, location and internalization advantages and the firm's prior engagement in FDI activity (Dunning, 1979).

Ownership Advantages

Dunning (2001, p.175) considers ownership advantages as income generating assets which provide the firm with the ability to undertake FDI activities in foreign markets. These advantages are tangible (e.g. capital, technology intensity, economies of scale) and intangible (e.g. brand name, reputation, technological superiority, patenting, innovation capacity, R&D, organizational and managerial expertise, marketing know-how and international experience) assets that are required prior to FDI by the MNE. They provide competitiveness, and overcome the various potential costs in a foreign environment and the liability of foreignness (Hymer, 1976; Dunning, 1988; Zaheer, 1995). Dunning and Lundan (2008) distinguish among three types of ownership advantages: O= Oa + Ot + Oi. Ownership asset (Oa) advantages are company specific assets which are not related to the firm's multinationality, (Ot) refers to ownership transactional advantages which are firm assets that are coordinated and internalized with the firm's capabilities, ownership institutional advantages (Oi) include firm specific beliefs and incentives and constitute the firm's code of operation (Dunning

and Lundan, 2008, p.321; Eden and Dai, 2010). Dunning explains that ownership advantages are shaped by and related to home market endowments. So, he points out that, the country's economy will influence the firm's ownership advantages (Dunning, 1980, p.10; Dunning, 1988).

In order to avoid unnecessary repetition, we do not analyse the OLI further; the aim here was to discuss ownership advantages. Internalization was also discussed above. OLI theory is presented and tested empirically in the following chapters.

Critique of OLI

The eclectic paradigm, although the most widely used empirical tool in international business for FDI analysis, has some limitations. The main drawback is the extensive list of variables in the three categories which risk loss of explanatory power, which Dunning (2001) acknowledges. He justifies it, arguing that OLI is more a theoretical tool to analyse and describe FDI than a predictive theory of FDI (Dunning, 2001 p.176). He adds that the paradigm does not explain the firm's international production and behaviour (Dunning, 1988).

OLI theory only partly explains Greek FDI in SEE. As already discussed, ownership advantages are influenced by home market conditions, which give rise to or eliminate these advantages. The Greek economy experienced critical problems such as loss of competitiveness, low R&D, and low levels of multinationality which did not provide their firms with the essential elements to strengthen their ownership advantages.

On the other hand international companies that possess the conventional advantages included in this theory are not keen to invest in SEE while Greek firms with all their disadvantages are investing and operating successfully in this region.

The theory notes also that locational advantages are required in combination with ownership and internalization advantages (Ietto-Gillies, 2005, p.114). This element of the theory does not explain why location advantages are exploited by Greek FDI and not by the major established MNCs. Also, OLI does not explain why Greek firms are among major investors in FYROM and in Bulgaria[32], but are less prominent in more developed areas.

However, OLI can be used to explain individual cases of Greek investment with ownership advantages, e.g. TITAN (cement industry), which is a global FDI player, but does not explain cases of OFDI, where there are no traditional ownership advantages and FDI is a survival strategy. According to an empirical OLI study "Firms that have lower levels of ownership advantages are expected to either not enter foreign markets or use a low-risk entry mode such as exporting" (Agarwal and Ramaswami, 1992, p.2). Nevertheless, Greek FDI show different results.

Agarwal and Ramaswami (1992) find that company size and low levels of multinationality do not encourage investment. Smaller firms use joint venturing as a mode of entry to foreign markets. Again, these predictions do not apply in the case of Greek firms with limited multinational experience, which prefer greenfield investments in rather risky markets and have low levels of international competitiveness.

Dunning was open-minded and pointed out that competition, recent technological advances, high mobility of some firm advantages, and investments in new emerging markets enable companies to exploit and augment their core advantages (Dunning,

[32] We should point out that ownership advantages of Greek firms can be compared not only to international MNCs but also to the O advantages of firms in the host countries (Bulgaria and FYROM), so these are also considered in the empirical analysis.

2001, pp.182-183). These business changing conditions complement existing firm advantages. Thus, Dunning recognizes changes in the global business environment, but without examining negative market conditions such as adverse demand conditions (push factors) as potential drivers of OFDI. He uses the eclectic paradigm as a framework to explain FDI at the level of a country or group of countries. He did not envisage it being applied to the individual firm (Dunning, 1988; 2002).

All of these classical theories describing the behaviour of FDI assume that FDI originates in countries with positive domestic economic conditions. We argue that negative domestic market conditions can operate to spur investment in foreign markets. This could be a strategy for firm survival and can be described as partly "forced internationalisation". This leads us to examine also the important phenomenon of MNCs from developing or emerging markets which Dunning does not address.

2.2 Macro and Regional Approaches

2.2.1 Investment Development Path

The Investment Development Path (IDP) approach aims to explain the relationship between FDI and levels of country development. This theory is in line with Dunning's early work based on Ownership-Location-Internalization (OLI) (Dunning, 1979, p.3; 1986; 1988) and expanded in a more macroeconomic and dynamic approach by Dunning and Narula (1996a), and called the IDP model. It suggests that the level of a country's economic development influences its inward and outward investments. It is measured by per capita gross national income (GNI)[33] and the country's net outward investment (NOI) position[34] (Narula and Guimon, 2010). The model identifies and classifies five different phases according to NOI and the country's level of development.

Stage I

This stage (Dunning and Narula, 1996, pp.2-3; Dunning, 2002) refers to under developed, pre-industrialized countries and assumes that, with the exception of location advantages (L) arising from possession of natural assets, there are no other location advantages to attract inward investment. Its main economic features include inadequate infrastructure, unskilled labour force, underdeveloped commercial and legal frameworks, limited domestic markets and demand as a result of low per capita income, economic and political instability and market inefficiencies. OFDI is

[33]GNI per capita (formerly GNP per capita) is gross national income.
[34]NOI is the difference between a country's outward and inward investment stocks.

insignificant, and foreign investors mostly export to and import from the country rather than investing via FDI. Domestic firms have no strong ownership advantages.

Stage II

Increased domestic consumer purchasing power leads to market growth and development. Firms acquire intangible assets (e.g. technological capabilities), developed locally or as a result of cooperation with other foreign firms, thus creating ownership and location advantages. Home market infrastructure develops and inward direct investment starts to rise, mainly in labour intensive industries, while outward investment starts to emerge although at a low level. OFDI may be market seeking or trade related with adjacent countries or strategic asset seeking towards high-income countries. At the end of this stage inward and outward FDI seem to be balanced.

Stage III

The third stage in the investment development path is characterized by a gradual slowdown of inward FDI and an increase in the rate of growth of outward investment resulting in an increase in NOI. Industrialization, income and demand increases, government spending on education, training, and R&D strengthens intangible assets related to the workforce and local firms. Local firms start to compete in the domestic market on equal terms with foreign counterparts.

As the economy develops, the country acquires location advantages due to the development of external scale economies through firm clustering. There is a reduction in labour-intensive industries which are replaced by industries with technological and innovation capacity, which produce capital intensive and value added products similar

to developed MNCs. Outward investments are largely market seeking or export related FDI and gradually become strategic seeking FDI.

Stage IV

At this stage, a country is a net outward investor[35] and the NOI position turns positive with an increasing rate of growth. Domestic firms do not possess only Ownership Asset Advantages (Oa) (which are based on home country competitive advantages), they have also Ownership Transactional Advantages (Ot) (managing and coordinating geographically dispersed assets). As a result, they can compete with domestic and international investors in both the home and host markets. Products and services are capital intensive and very sophisticated, thus, home market location advantages are the result of created assets. Inward investment is mainly asset seeking while outward investment continues to increase. In order to maintain their competitiveness, firms will invest in countries at lower stages of IDP and will prefer to internalize their firm activities in the global market, thus, more FDI than exports characterizes their mode of internationalisation.

Stage V

Stage V refers to advanced industrialized countries where NOI after fluctuations emerges at a zero level while there may be continuous rises in both types of FDI. FDI almost substitute for cross-border transactions e.g. exports. There are no location advantages e.g. asset creation from only one leading country. Ownership advantages are even more strongly related to "transactions" rather than "assets".

[35] Outward direct investment stock exceeds or equals inward investment stock.

Critique of IDP

Table 1 shows the main characteristics of outward FDI at different stages of IDP which is our primary focus in this thesis.

Table 1: Characteristics of Outward FDI at Different Stages of the IDP

	"First Wave"	"Second Wave"	"Conventional MNE's"
	[Stage 2]	[Stage 3]	[Stage 4 & 5]
Destination	Regional FDI: Neighbouring countries and other developing countries	Majority still regional, but expanding to a global basis	Global basis
Motivation	Resource seeking & market seeking in developing countries	In developing countries resource and market seeking. In Industrial countries asset-seeking and market seeking.	Efficiency-seeking - MNE motivation aimed at optimising use of each country's comparative and competitive advantages
Type of outward FDI	In developing cities natural-asset intensive, small scale production in light industries (Heksher-Ohlin, moving towards undifferentiated Smithian industries	In developing cities: natural-asset intensive sectors as in first wave; In industrialised cities (a) assembly-type, market-seeking FDI primarily in Smithian industries (b) asset-seeking investment in schumpeterian industries	Capital-and knowledge-intensive (schumpeterian) sectors capital/labour ratio dependent on natural/created asset of host
Ownership advantages	Primarily country-of-origin-specific. Fundamental Oa advantages, no Ot advantages	Both firm-and country-specific	Mainly firm-specific Advanced Oa and Ot advantages
Examples of ownership advantages [adapted and modified version of Lall (1983) page 7]	1. Conglomerate group ownership 2. Technology (mostly adapted) 3. Management adapted to third world conditions 4. Low cost inputs (including managerial and technical personnel) 5."Ethnic" advantages	1.Conglomerate group ownership 2.Management adapted to third world conditions 3.Low cost inputs (including managerial and technical personnel) 4. 'Ethnic" advantages 5.Some product differentiation 6.Limited marketing skills 7.Vertical control over factor/product markets 8.Subsidised capital	1.Large size-economies of scale 2.Access to capital markets 3.Technology 4.Product differentiation 5.Marketing know-how 6.Cross-country management skills 7.Globally efficient intra-firm activity 8.Vertical control over factor/product markets

Source: (Dunning, Narula et al., 1996b, p.6)

Table 1 includes stages II to V because in stage I there is nil OFDI. According to the literature, Greece could be classified as stage III country, (Louri, Papanastassiou et al., 2000; Bitzenis and Vlachos, 2012), however, this would be only partially correct. Currently, the vast majority of Greek FDI is regionally developed, as expected under stage II (of the IDP approach), whereas in stage III the model suggests that FDI should be not only regional but also expanding globally, a situation that does not apply to Greece.

The Greek case reflects the model insofar as it concerns market seeking in developing countries (stage II) however it should be noted that the type of Greek OFDI includes all industries as market seekers.

When referring to ownership advantages, we agree with Dunning, Narula et al. (1996b), who state that adapted technology and management, and conglomerate group ownership (e.g. Satellite investors[36]) - which are a feature of Greek OFDI - are an advantage for firms in third world countries, but our findings contradict other aspects of their approach, namely the simultaneous growth of OFDI and loss of competitiveness in a global level. Moreover, Greek enterprises - as we elaborate later - pushed their OFDI due to adverse economic factors e.g. increasing costs, which was not an advantage for them. The authors (Dunning, Narula et al., 1996b) also refer to an "ethnic" advantage (Table 1, Stage III, examples of ownership advantages); even were this to occur, it is unclear how much compensation it would be for other limitations such as the accompanying loss of competitiveness.

Revisions to the IDP Model

The original IDP has been criticised (Buckley and Castro, 1998; Liu, Buck et al., 2005) and revised. However, its main assumptions remain unchanged. It has been suggested that there is a need for a broader perspective (e.g. the historical, social, government and political issues and their impact on FDI should be considered), when applying the IDP model due to the different economic structures of each country and FDI heterogeneity (Narula and Guimon, 2010).

[36] See discussion in chapter 6: Greek OFDI Examined at Firm Level (pp.238-283).

Table 2: Characteristics of Outward & Inward FDI at Different Stages of the IDP (Revised)

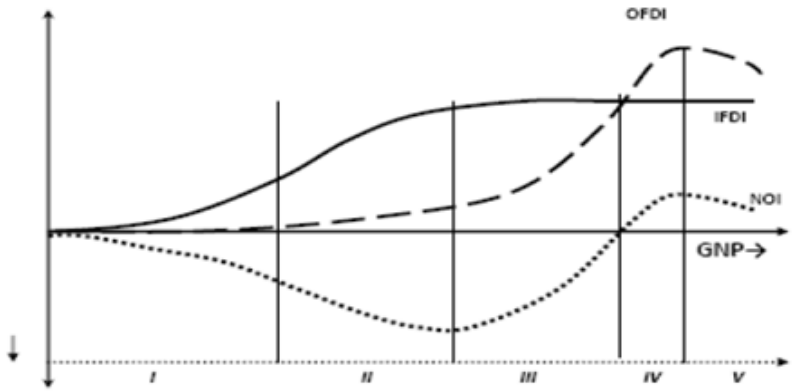
Evolving motivations of inward and outward FDI across the IDP		
IDP stage	**IFDI**	**OFDI**
I	Little IFDI initially. As L advantages improve, resource based motives, and market seeking later.	Very little OFDI. Mainly minor strategic investments and capital flight
II	Growing presence of market-seeking FDI, which may attract some labour-intensive manufacturing.	Little OFDI. Some resource-and market-seeking investment in other developing countries; some "escape" investment to developed countries; mostly natural resource investment or light manufacturing employing established technologies.
III	Raising inward FDI, market-seeking and increasing efficiency-seeking FDI in manufacturing, even in activities supplying more sophisticated products for domestic markets , or requiring more skilled labour.	Growing OFDI. All kinds of investment including efficiency-seeking and some asset augmenting investment, mass-produced differentiated consumer goods, e.g electrical products, clothing; more service investment, e.g construction, banking.
IV & V	Increasingly market-seeking, efficiency-seeking and asset-augmenting investment	Increasingly efficiency-seeking and asset augmenting investment, regional and global; more M&A's and alliances; investment in knowledge -intensive sectors, e.g ICT, biotechnology, and high value added services, e.g. consultancy.

Source: (Narula and Guimon 2010, p.9)

In the revised IDP model (Narula and Guimon, 2010) again Greek OFDI possesses few features similar to stage II-III e.g. market seeking FDI in developing countries (stage II). However, it refers also to "escape" investments but specifically in natural assets and in technology manufacturing in developed countries which does not apply to Greek OFDI. In stage III, even though Greek OFDI is growing, the development is market seeking for many industries, as opposed to resulting - as the model suggests - from all kinds of investment seeking. Nevertheless, although there are few characteristics of OFDI similar to the Greek case, in the case of IFDI, Greece shows some deviations; IFDI declined with the onset of Greek crisis (see Figure 19). Ultimately, we should mention that even the revised model does not include negative home market conditions that could operate as push factors for FDI.

In order to examine the Greek IDP path further and to try to classify it appropriately, we include the original graphical representation of NOI (Figure 18) and then NOI for Greece (Figure 19).

Figure 18: Graphical Representation of the Investment Development Path (IDP)



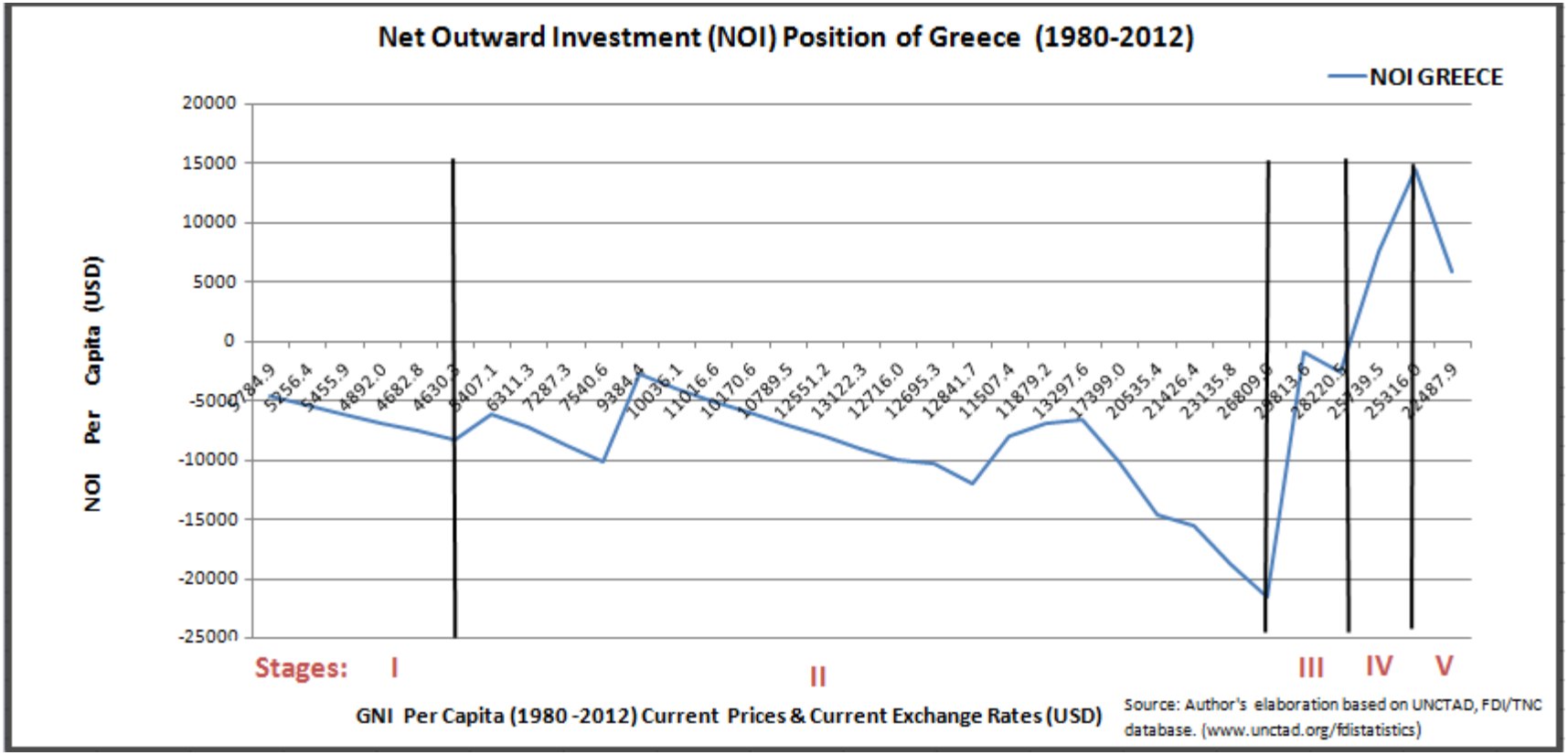
Stages of the IDP

Source: Narula and Dunning, 2010 cited by (Narula and Guimon, 2010, p.8)

We include the graphical representation of the IDP in order to compare it with inward and outward Greek stock of FDI (see Figure 4); we start with this, and then continue with key idea of NOI analysis. Greek OFDI is in line with the model, whereas IFDI is not. The slope of Greek IFDI is slightly different; in particular, we would expect, as the model suggests, this to rise at an increasing rate and then to become stable (Figure 18). However, what we observe is that Greek IFDI shows fluctuations, starting with an increasing rate, followed by a sharp decrease, before continuing on an upward path and then finally decreasing sharply (Figure 4). Thus, we can detect a deviation between the model and our case. As a result (Figure 19) the NOI position of Greece shows an unusual trend. More specifically, Figure (19) shows the NOI position of

Greece with respect to the GNI per capita level from 1980 up to 2012 and provides us an overview of the pattern of Greek IDP. As can be seen, when using the IDP approach with GNI, these data suggest that Greece is in stage V.

Figure 19: Net Outward Investment Position of Greece (1980-2012)



When compared to the original graph, negative NOI followed by low GNI level, is the stage I of the IDP. The negative NOI value is the result of higher rise in inward FDI, than OFDI, thus, Stage I is in line with the IDP pattern. The shift from the second to the third IDP stage, in the Greek case, does not seem to be as smooth as in the original model. It seems that there are many sharp fluctuations up to the lowest negative NOI position, when the third stage starts to emerge. Next, from stage III to stage IV, even though the original pattern assumes a smooth upward trend for NOI this does not apply to Greece which shows a sharp increase in NOI, which indicates a forced change between outward and inward levels.

This seems to be caused in part by sharply reduced attractiveness of Greece as an FDI location and in part by "forced internationalisation" of its MNCs in search of liquid markets. Taken at face value this would suggest that Greek IDP is in the Stage V of the IDP. In reality, its positive NOI is an expression of its weaknesses rather than the strengths of Oa of its enterprises.

A sharp increase in NOI is de facto an outcome of weak competitiveness, while the IDP assumes that an increase in OFDI is due to economic growth and increased ownership advantages among Greek firms.

Finally, the model assumes that the growth in NOI is the result of a continuous developmental process which does not include push factors or factors that are not related to ownership advantages, but are rather related to weaknesses in the process.
Thus, elaboration of the data shows that for categorizing the Greek case, the theory is weak in one particular stage. The IDP approach is based on two indicators, NOI and

GNI, which provide a limited empirical basis for understanding the relationship between FDI and growth which, basically, is multi-level relationship. So, caution is needed, because these classifications could be overly simplistic; using the relation between OFDI and GNI per capita "can be criticised as amounting to a mere common-sense hypotheses" (Liu, Buck et al. 2005 p.103). Moreover, it "raises the question of whether the concept of an individual country's IDP is of any use." (Buckley and Castro, 1998, p.3)

Narula and Guimon (2010) seem to be aware of these critiques as they suggest that IDP research should not use only country level data. They suggest identifying deviations and variations to provide potential explanations for the phenomenon. This should ensure a better understanding of FDI, especially combined with ownership and location factors at country, firm or industry level (Narula and Guimon, 2010, pp.8-9). In Chapters 4, 5 and 6 we focus on these three levels (country, industry and firm).

2.3 Differences between Developed and Emerging Market FDI & MNCs

2.3.1 Introduction (FDI Waves of EM MNCs & Debate)

Mainstream FDI theories do not apply to Greek OFDI. Here, we address the case of emerging market (EM) MNCs their characteristics and their differences with old MNCs which have been the focus of the theories reviewed so far. The rationale for this discussion is twofold: first to uncover the differences between old and new MNCs and to reveal the limitations of conventional theories to explain the phenomenon of EM MNCs. We also explore whether the behaviour and features of EM MNCs are compatible with the Greek case.

EM MNCs and their differences with conventional MNCs have led to an interesting academic debate. The argument is focused on the need for a new theory which better explains the presence of OFDI from emerging markets. In this section, similarities and differences between new and old MNCs are discussed. We point to the need for a push-pull concept as a tool for FDI analysis that combines the cases of both developed and emerging firms' FDI.

Before embarking on the main discussion, we note that the literature identifies three major waves in the development of FDI from EM MNCs: (a) 1960 to mid-1980s, (b) mid 1980s-1990s, (c) 1990s to 2000s (Gammeltoft, 2008).[37] This shows that EM MNCs have been present for a long period of time, but are attracting a lot of attention recently because of the huge volume of FDI and the different patterns of international expansion (UNCTAD, 2006; Sauvant, 2008; Guillén and García-Canal, 2009; UNCTAD, 2011).

[37]For a detailed presentation of these three waves in Gammeltoft (2008) and their characteristics, see Appendix 3 Three Waves of Outward Investment (p.300).

2.3.2 Similarities and Differences between New and Old MNCs

The old MNCs developed after World War II originated mainly in the Triad economies of the USA, EU and Japan (Lipsey 2001).[38] The main characteristic of these MNCs was their possession of resources and core competencies before global expansion (Guillén and García-Canal, 2009). These "home developed" ownership advantages enable firms to overcome the costs deriving from the liability of foreignness and to compete successfully in a foreign environment[39] (Bano and Tabbada, 2012).

The international market place has changed substantially since the 1990s with economic liberalization, the collapse of communist regimes, and many other changes in the global business landscape which have operated as a resource-tank for further FDI development. These opportunities have not all been exploited by developed countries' MNCs; "new species" have emerged in the FDI arena (Mathews, 2002; 2006a; 2006b). FDI growth from emerging (transition or developing) economies has been significant since the 1990s (third wave) in terms of both number and size (Das, 2013, p.95).

However, emerging, (transition or developing) countries incorporate very differentiated economies with diverse initial conditions and different levels of development in the context of a rapidly changing political and economic environment (Sauvant, 2005; Vasyechko, 2012). The new emerging MNEs come from a large number of differentiated economies such as developing, emerging, upper-middle

[38]For an extensive historical overview see Wilkins (1970).

[39]We do not elaborate on the characteristics of developed MNCs and their FDI because their behaviour and features are encapsulated by and have been developed theoretically in mainstream FDI theory, which, however, does not explain OFDI by Greek companies.

income and oil-rich countries (Guillén and García-Canal, 2009). We examine the Greek case within this context. Some Asian countries are similar to Greece in terms of per capita income although Greece is not perceived as an "emerging market".

One of the most significant limitations of the conventional theories is that they do not include cases of limited ownership advantages or adverse home market conditions. Nevertheless, EM MNCs have engaged in FDI based on opportunities in global markets and pressures in their home markets. They have embraced FDI as a tool for sustainability and survival in a competitive global environment (UNCTAD, 2006, p.xxvii). FDI motives, such as market access, technology acquisition, innovation and even lower production costs, are due to tough domestic competition (Klimek, 2011).

The basic difference between developed MNEs and EM MNEs is that the latter lack or have weak ownership advantages prior to their internationalisation (Mathews, 2006a; 2006b; Luo and Tung, 2007). They engage in FDI in order to acquire or strengthen these advantages. In contrast, conventional FDI theories advocate that a MNC should possess significant home developed ownership advantages that can offset the additional costs related to investment in a foreign market (Dunning, 1988). It is interesting that new EM MNCs without monopolistic firm-specific advantages and assets have expanded globally and become successful OFDI players (UNCTAD, 2006). Without these advantages how have they become MNEs and how do they expand?

There is one main argument that says that EM MNCs expand internationally to acquire these assets and sustain their competitiveness in the global business environment, which is described as strategic asset seeking or springboard investment

(Makino, Lau et al., 2002; Luo and Tung, 2007; Li, Li et al., 2012). This strategy is aimed at exploiting gained assets and using the home country advantages to upgrade. (Ramamurti, 2012, p.46). Tables 3 and 4 summarize the differences between developed and emerging markets and their MNCs.

Table 3: Differences between Developed and Emerging Markets

Dimension	Developed Market	Emerging
Level of Economic Development	High	Low/Medium
Government Involvemnet	Not so High	Relatively High
State of Economy, Macroeconomic Framework, Market: Institutions, Conditions & Infrastructure	Developed/Stable	Uunstable/Underdeveloped
Cultural Resistance to Market Economy	Low	High
Rate of Growth	Low	High
Room for Growth	Narrow (Mature Markets)	Huge (Underdeveloped Markets)

Source: (Sunje, 2000, p.206)

Table 3 shows that emerging markets are characterized by an unstable economic and institutional environment and strong government involvement, but have greater room for economic growth.

Table 4: Differences between Developed and Emerging MNCs

Table 4 describes the differences between developed and EM MNCs. EM MNCs are internationalising at an accelerated pace whereas old MNCs engage more gradually in this process. Another important difference is the lack of competitive "homemade" advantages in EM MNCs and their need to upgrade compared to their counterparts.[40]

The home market's difficult conditions (e.g. weak institutional environments, unstable market conditions) create and shape firms which are able to survive in these difficult conditions. When they expand abroad especially in developing markets with similar adverse domestic conditions they are more flexible, and have greater organizational adaptability. They turn disadvantage into advantage compared to their developed market counterparts (Cuervo-Cazurra and Genc, 2008).

So, familiarity with operating in a challenging environment gives them the capability to manage and compete using these institutional idiosyncrasies. This can be seen as a driver of a successful internationalisation (Henisz, 2003; Cuervo-Cazurra and Genc, 2008).

[40] For further discussion see, (Mathews, 2002; 2006a; 2006b; Aulakh, 2007; Li, 2007).

If we look only at the ownership advantages of EM MNCs, the literature suggests that these firms have "a deep understanding of customer needs in emerging markets, an ability to function in difficult business environments, an ability to make products and services at ultra-low costs, … ability to develop 'good enough' products with the right feature-price mix for local customers" (Cuervo-Cazurra and Genc, 2008; Guillén and García-Canal, 2009; Ramamurti, 2009b; Govindarajan and Ramamurti, 2011, cited in Ramamurti, 2012 p.42).

The old MNCs internalize their ownership advantages and prefer internal growth via wholly owned enterprises for their FDI activities. Emerging market firms adopt external ways of internationalisation via alliances or mergers and acquisitions (M&As) (UNCTAD, 2005; Mathews, 2006b; Luo and Tung, 2007). This external way of internationalisation strengthens their capabilities. EM MNCs also prefer to invest in locations where there are more learning opportunities (Estrin and Meyer, 2013).

Ramamurti (2012, p.41) points out that "one way to discover areas in which existing theory is inadequate is to look deliberately for situations in which reality appears to be at odds with it". Therefore, in order to find something new, we should examine situations not explained by the theory, e.g. Greek OFDI.

It was argued earlier that mainstream theories do not satisfactorily explain Greek OFDI and their MNCs. Although Greece is classed as a developed economy (member of the OECD), it possess characteristics of emerging markets and their MNCs. In what follows, we discuss the differences between old and new multinationals followed by a discussion of the particularities of Greek FDI and if the theoretical conceptual framework relevant to EM MNCs explains our case.

2.3.3 Similarities and Differences between Emerging Markets MNCs and the Greek Case

EM MNCs tend primarily to invest regionally due to the advantages of operating in a similar cultural, political, economic context and style (Rugman, 2008). How they expand follows the predictions of stage theories of internationalisation, since they invest initially in neighbouring countries (Lall, 1983; Wells, 1983; Goldstein, 2007, cited in Guillén and García-Canal, 2009, p.33). The same pattern of investing in adjacent countries is followed by Greek firms, but not as a result of a stage theory of internationalisation. As argued above, this provides part of the story but not a complete picture of their behaviour.

The dynamic presence of OFDI is the result of large receipts of inward FDI in the case of emerging markets (e.g. Taiwan, Singapore, BRICs). Inward FDI has helped to increase domestic growth and exports which in turn has helped in the achievement of high levels of OFDI (Sauvant, 2005; Bano and Tabbada, 2012). Also, investors from emerging markets used to export to foreign markets prior to FDI (Svetlicic, 2007; Das, 2013). This is an important mechanism that enables firms to acquire market knowledge and enhance their competitive advantage.

These two points contrast with the Greek case. Greece is a country with low levels of inward FDI and cannot be characterized as an export oriented economy with good economic performance despite significant OFDI. In the cases of Greek FDI in FYROM and Bulgaria only half of our sample had exported previously.[41]

Emerging market FDI prefers M&A or joint ventures (Demirbag, McGuinness et al., 2010; Madhok and Keyhani, 2012; Panibratov and Abramkov, 2012), which provide

[41] See, appendix 2: Parent Company Export/Investment Activities Prior FDI & Ownership Structure and Mode of Entry, FDI in Order to Re-import Products/Services (Row 2A, p.299).

ownership advantages and reduce the liability of foreignness which is a serious problem in the case of market seeking FDI (Ramamurti, 2012). Greek investors are mainly market seekers and prefer greenfield as a mode of entry to the foreign market and usually do not seek M&As or JVs.[42]

In a nutshell, we cannot apply the perspective of EM MNCs to Greece in a straightforward manner.

2.4 Theoretical Framework

As discussed in this chapter and in chapter 1, conventional theories have several limitations in relation to and EM MNCs behaviour and Greek outward FDI in SEE countries. Narula and Guimon (2010) argue that a useful way to understand FDI is to combine ownership (O) and location (L) advantages at country, firm or industry level; thus, we conceptualize them in a push-pull framework and tried to operationalise Narula and Guimon's suggestion starting with a country level analysis. The aim is to propose a new taxonomy of factors influencing the determinants of outward FDI, based on the two major categories of push and pull factors, in order to provide a better explanation of Greek outward FDI within the context of expansionary or escape FDI.

We draw on three major theories: OLI (Dunning, 1980; 1988; 2000; 2001), which best represents mainstream theories and developed markets, LLL (Mathews, 2002; 2006a; 2006b) and COA (Sun, Peng et al., 2012). LLL and COA were proposed as alternatives to the OLI approach by those who were critical of it, at least in the context of emerging markets.

[42] See, Appendix 2 Parent Company Export/Investment Activities Prior FDI, Ownership Structure, Mode of Entry, FDI in Order to Re-import Products/Services (Row 2D, p.299).

2.4.1 Ownership, Location and Internalization (OLI)

This theory was developed initially in the mid-1950s by Dunning in pioneering work to try to identify the determinants of the superior productivity of USA manufacturing firms in the UK. By combining theories of the firm (market power, internalization, and transaction cost theories) with location theories, Dunning developed a framework for understanding the drivers behind decision investments in a foreign country.

The selective nature of his approach and the fact that it synthesizes various theories within one framework, led him to label it the eclectic paradigm: "This paradigm asserts that, at any given moment of time, this (cf. FDI) will be determined by the configuration of three sets of forces: the ownership, location, and internalization" (Dunning, 2001, p.176). In other words, "the why, where and when/how" decisions of international business (Ietto-Gillies, 2005).

Starting with ownership, the eclectic paradigm suggests that firms have superior tangible and intangible assets prior to their internationalisation, which they use to create competitive advantage and exploit investment opportunities more efficiently in the foreign market compared to local firms. The benefits of these advantages should be sufficient to overcome the "liability of foreignness" (Hymer, 1976; Zaheer, 1995; Hosseini, 2005; Chen, 2006; Rugman, 2010), or the extra costs associated with setting up a firm and operating in a foreign market (Dunning, 1980; 1988; 2000; 2002).

In relation to host country location advantages, Dunning (1988) argues that some of the factors of production that a company needs might be immobile and, thus, the company might choose to relocate some of its production facilities to the country in which these resources are located. Consequently, the more immobile the resources,

the higher the potential advantages and incentives to locate in the country that owns the resources (Dunning, 2000).

Drawing on the transaction costs view of the firm, Dunning introduces the third pillar of his framework: internalization. The internalization element of the framework aims at understanding why some firms decide to expand "individually" (internally) beyond their national boundary. For example, why does the firm decide to invest in a foreign market via FDI rather than some other mode of foreign market entry (e.g. licensing, franchising, exporting, importing, etc.). The costs of FDI need to be lower than the costs of alternative modes of entry, i.e. the cost of using the market should be higher than the cost of using hierarchies within the firm. Thus, the higher the cost of using the market, the higher the benefits from of firm's internalization and, thus, the more likely the firm will expand its production abroad via FDI.

The simplicity and clarity of the OLI has made it a benchmark in the field. However, it has been subject to severe criticisms, some from Dunning himself (1988; 2001). The main problem stems from its main strength, which is its generality. There are numerous variables that can be used to proxy for each of the advantages, which does not help to clarify which single factor explains FDI behaviour (Dunning, 1988; 2001). Dunning (2001, p.176) argues that "the eclectic paradigm is best regarded as a framework for analysing the determinants of international production rather than as a predictive theory of the MNE qua MNE".

Moreover, in relation to this framework, it is crucial to consider the interrelationships among the three elements for the functioning of the model (Cantwell and Narula, 2001): "Over time, the separate identity of the variables becomes even more difficult to justify" (Dunning, 2001, p.177). In other words, the large number of variables

related to each advantage weakens the model's explanatory power since, instead of simplifying the model it overly complicates it and makes it difficult to identify causal relations, increasing the risk of transforming the OLI from an explanatory theory to a descriptive and classificatory device (Ietto-Gillies, 2005, p.117).

Dunning (2000; 2001) acknowledges these criticisms although some of his reasons are different. He perceives the eclectic paradigm as a general framework, but he states that "the purpose of the paradigm is not to offer a full explanation of all kinds of international production but rather to point to a methodology and to a generic set of variables which contain the ingredients necessary for any satisfactory explanation of particular types of foreign value added activity" (Dunning, 2001 p.177).

Thus, it is an analytical framework for empirical investigations (Cantwell, 2000) which is applied to a predefined specific context (Stoian and Filippaios, 2008).

Finally, the internalization element has been the focus of significant criticism. For example, Guisinger (2001) replaces the 'I' (Internalization) factor with 'M' (Mode of entry); he argues that internalization focuses only on one mode of entry (control of the foreign affiliate), while contemporary businesses have many more means of international involvement (Guisinger, 2001), (e.g. joint ventures, M&As, alliances, etc.). Cantwell and Narula (2001, p.162) state that "In other words, hierarchical control and full internalization is no longer always a first-best option to MNCs, especially where innovatory activities are concerned. Even where this is so, full internalization may simply not be a choice available to the MNC".

2.4.2 Linkages, Leverage and Learning (LLL)

One of the major criticisms of OLI is represented by Mathew's (2002; 2006a; 2006b) framework Linkages, Leverage and Learning (LLL). The LLL framework, which explains the situation in many emerging markets, challenges OLI's key proposition that MNEs have developed superior resources/advantages in the home market which they then exploit abroad (Mathews, 2006b). The LLL framework argues that the MNE's decision to invest abroad is driven by lack of ownership advantages at home, and the goal of acquiring or strengthening their advantages through FDI, which renders the OLI framework redundant.

The LLL was pioneered by Mathews in his work on MNEs in the Asia-Pacific region. These firms, described as "Dragon Multinationals", emerged as industry leaders in a very short space of time, which is not predicted by the OLI model (Mathews, 2006b).

In Mathews' view, the main questions that the OLI framework cannot answer are related to the factors that explain "How MNEs from formerly peripheral areas such as the Asia Pacific established themselves successfully, against the sometimes fierce resistance of incumbents?" (Mathews, 2006b, p.5). Hence, he suggests that it was a combination of the company's linkages, leverage and learning.

The first L in the framework is linkages. Mathew argues that latecomer/newcomer MNEs' decisions about where to expand are based on the potential benefits that might be acquired through links with incumbents. The importance of these links depends on the benefits/resources to be gained through this activity. Thus, for companies keen to enhance their ownership advantages, more links between the incumbents and other firms in the area mean greater competitive advantage (Mathews, 2002).

The second L refers to leverage. The LLL logic argues that once a firm establishes its network and connections with the other firms, it gains access to new resources. However, resources do not automatically lead to comparative advantage; rather, the firm must be able to leverage these resources and convert them into capabilities (Mathews, 2002).

The final L is learning. The idea here is that the resource based view of the firm argues that the value of a company's capabilities lies in their imitability, transferability and substitutability. In the ideal scenario, the links will give the MNCs access to resources that are the least rare, the most imitable and the most easily transferable (Mathews, 2002, p.481).

Finally, as Mathews (2006c, p.154) states, the OLI framework is relevant when applied to long established firms from developed countries, while the LLL framework is more relevant to latecomer firms. Nevertheless, LLL can be viewed as complementing rather than competing with OLI, since only the O element is problematic and the emphasis is on explaining how ownership advantages emerge.

2.4.3 Comparative Ownership Advantages (COA)

The COA model was developed to deal with the shortcomings of the OLI and LLL frameworks to explain the behaviour of especially Chinese and Indian EM MNCs which have engaged in aggressive cross-border M&As (Sun, Peng et al., 2012, p.4). Many firms from emerging countries suffer from low ownership advantages and even disadvantages (Child and Rodrigues, 2005; Mathews, 2006b; Ramamurti, 2009a; 2012; Sun, Peng et al., 2012). Therefore, based on the OLI assumptions, we should expect these companies not to engage in FDI activity. The COA was based on the theory of comparative advantage in international trade (Neary, 2007, cited in Sun, Peng et al., 2012) and OLI. COA proposes that EM MNCs expand internationally using cross border acquisitions in order to achieve and develop comparative ownership advantages.

In particular, COA supports that EM MNCs have comparative ownership advantages that stem from "the possession and leverage of assets that are relatively (no absolutely) valuable, rare, hard to imitate, and organizationally embedded in comparison with MNEs from other countries" (Sun, Peng et al., 2012, p.7).

Comparative ownership advantages allow firms to move up the value chain (Sunny Li, 2009, cited in Sun, Peng et al., 2012, p.7) and achieve a position in the global market (Rugman and Li, 2007, cited in Sun, Peng et al., 2012, p.7).

Firms can gain access to COA through five main channels:(1) national industrial factor endowments; (2) dynamic learning; (3) value creation; (4) reconfiguration of the value chain; and (5) institutional facilitation and constraints (Sun, Peng et al., 2012 p.8).

Starting with national industrial factor endowments, Sun, Peng et al., (2012, p.8) argue that MNEs are attracted to countries because of differences in the factors of production; e.g. a country that is interested in natural resources will expand in a country with such resources. The second source of COA is dynamic learning, which involves the transfer of knowledge, resources and capabilities from the acquired to the acquirer firm. If a company from country A acquires a company in country B, this will create synergies which will speed up the process of learning (Sun, Peng et al., 2012). Also, COA enables value creation through the process of increased value and rents for the acquirer that emerges when the acquisition takes place. The fourth source of competitive advantage comes from the re-arrangement of the value chain which is enabled by MNE expansion and allows the firm to move up the value chain. Finally, institutional facilitation and constraints can directly influence the company's ability to create COA through expansion (Sun, Peng et al., 2012). For example, in state capitalism, a state owned MNE can expand more easily than a private one, and vice versa (Economist, 2012).

The COA contains elements of the LLL approach, such as the role of learning (dynamic learning; value creation), leverage and linkages (reconfiguration of value chain), and explains that, for latecomer FDI firms the sources of ownership advantage include home country specific factors (national industrial factor endowments) combined with home country institutional factors and policies (institutional facilitation and constraints). So, unlike the LLL approach, the COA recognizes that emerging market MNEs enjoy some home specific advantages, but these are more a "compensatory mechanism" for the lack of ownership advantages.

The Limitations of Current Theories

The first problem related to OLI is location, which Dunning (1995, p.476) assumes provides opportunities for firms to exploit their ownership advantages. These can be home or host country location advantages. Dunning recognizes, in particular, that home country comparative advantages are a major source of firm's ownership advantages, and that the national economy influences the firm's ownership advantages (Dunning, 1980 p.10; 1988). However, he does not consider potential negative home market location factors, which might push the company into investing in a different country in order to survive.

Also, according to OLI theory, firms should possess ownership advantages over both home country and host country firms in order to undertake FDI. Greek investors do not seem to enjoy typical ownership advantages in their home market. For example, Table 5 shows that Greek companies that invested in FYROM and Bulgaria were not innovative.

Table 5: Parent Company Technology Advantages[43]

Parent Company Technology Advantages	Valid Percentage %
Buying Technology Know-How	97.2
Diversifying Technology Know-How	33.8
Innovation of Technology Know-How	22.1
Use of Exclusive Technology in the Home Market	17.4

Source: Author's survey (based on 152 companies)

In the survey, we asked executives whether the parent company had technology advantages over its competitors in the home market. Among the companies surveyed, 97.2% buy in technology and only 22.1% innovate. This suggests that Greek firms

[43] The survey question asked: Does the company buy or/and diversify or/and innovate or/and use exclusive technology in the home market?

lack ownership advantages with respect to technology, therefore, Greek FDI in Bulgaria and FYROM cannot be explained by conventional OLI theory.

LLL (Mathews, 2006b) and COA (Sun, Peng et al., 2012) argue that globalization is the main driver of FDI, as newly emerging markets provide opportunities for firms to develop new links and networks. In other words, there are strong pull factors that attract FDI from emerging markets. However, in the case of Greek outward FDI, in addition to pull factors, the negative home market conditions seem important, e.g. the push factors.[44]

LLL and COA also predict that EM MNCs expand through M&A rather than through greenfield investment because this allows them to acquire technology and access local distribution networks. Unlike EM MNEs, Greek firms expand not via M&A, but through greenfield investments. Almost 70% of Greek FDI in our sample expanded through greenfield investments[45] to get access to local markets.

COA theory suggests that M&As are favoured by EM MNCs to internalize home country specific advantages (CSA) and combine them with firm specific advantages (FSA) in capabilities (Sun, Peng et al., 2012). Again, the Greek case differs since Greek outward FDI are mainly greenfield investments and firms do not possess significant home CSA in terms of low labour costs, technological advantages or natural resources.

[44] This is elaborated theoretically in the following chapter (3) and empirically in chapters 4, 5 and 6 for the country, industry and firm level analysis respectively.

[45]See appendix 2: Parent Company Export/Investment Activities Prior FDI & Ownership Structure and Mode of Entry, FDI in Order to Re-import Products/Services (Row 2D, p.299).

Chapter 3 The Current Research (Conceptualization)

3.1 Outward Foreign Direct Investment as Escape Response and the Push Pull Conceptualization

Mainstream FDI theories that explain developed country FDI show that if firms possess ownership advantages, they can expand abroad and exploit their ownership competencies in foreign markets via FDI; this is described as expansionary FDI (Chen and Ku, 2000; Sun, Fulginiti et al., 2010). Theories of emerging market firms suggest that firms engage in FDI and use it as a tool to seek, acquire and strengthen ownership advantages. In emerging economies, OFDI is a kind of reaction to global-domestic pressures and sometimes a response to a negative home business environment, and has been described as escape FDI.

Thus, there are two types of FDI, expansionary FDI (firms possess ownership advantages before their internationalisation) and escape [46] FDI or "forced internationalisation" (i.e. OFDI affected also by negative home market conditions) (firms do not possess conventional ownership advantages before their internationalisation).

The literature on expansionary FDI is well established, while research on escape OFDI is scarce (Witt and Lewin, 2007). We approach expansionary and escape or "forced internationalisation" issues through the notion of push and pull factors. Before explaining our approach, we refer to some initial studies of the notion of push/pull, with different rationales and conceptualizations.

One of the most interesting preliminary attempts using the notion of push and pull is Kayam (2009) which states that "the formation of EM MNC's is a result of escape

[46] Escape FDI is the term used also by Kayam (2009), but in a different context.

response from the economic and political conditions in the home countries" (Kayam, 2009 p.1). Kayam tries to explore both concepts of push and pull, but ultimately focuses on push factors. Masron and Shahbudin (2010) limit their research to push factors that drive OFDI from Malaysia and Thailand. They find that domestic market conditions and government policies are important. Sethi et al. (2002, p.702) use a push and pull type framework based on some institutional and strategic factors and argue that "the two together induce MNEs to restructure FDI, by making new efficiency and market seeking investments into developing countries".[47] The above research refers to South–South FDI; it is quite partial and does not use the push and pull framework to examine firm, country and industry behaviour simultaneously.

The most useful classification of push and pull factors for OFDI so far and one that helps to expand these concepts, is presented in the World Investment Report (UNCTAD, 2006). Home market conditions represent an important push factor for firms to invest abroad; the factors that operate as home market drivers of OFDI fall into four categories: a) domestic market conditions, b) trade conditions, c) costs of production, and d) home government policies (UNCTAD, 2006, p.158).

The present research is the most comprehensive within this perspective. The variables selected reflect comprehensive treatment of push and pull factors, classified, analysed and presented at the country, industry and firm levels.

[47] See for their conceptualization, Appendix4: Push-Pull Frameworks in Other Contexts (p.301).

3.2 Key Conceptual Departures of this Research

We have seen that there are differences, but also similarities between emerging and developed market firms and their FDI. Some scholars maintain that EM MNCs are systematically different from developed country MNEs; thus, there is debate in the international business literature on the adequacy of existing theory and its explanatory power. Is it possible for the existing theories, with some re-shaping, to encompass the behaviour of the EM MNCs? Several eminent scholars believe that it is (Dunning, 2006; Narula, 2006; Johanson and Vahlne, 2009; Narula, 2012), while others call for the development of new theories to explain the characteristics of EM MNCs (Mathews, 2002; Child and Rodrigues, 2005; Mathews, 2006a; 2006b; 2006c; Guillén and García-Canal, 2009). We share the views of Ramamurti (2012, p. 41) who suggests that "the truth is somewhere in between and that the real challenge is to discover which aspects of existing theory are universally valid, which aspects are not, and what to do about the latter".

It is generally accepted that the framework that best encapsulates FDI from developed countries is OLI[48] whose main feature is prior possession of ownership advantages, while the Linkage-Leverage-Learning (LLL) framework proposed by Mathews (2002; 2006a; 2006b) is applicable to EM MNEs which do not have prior ownership advantages. The OLI model is based on internally focused developments, such as ownership advantages, while LLL is based on external linkages that help the company to acquire these advantages. So, in the LLL case, as is explained in Chapter 2 EM MNCs seek ownership advantages globally because there are no optimal domestic conditions from which to develop firm advantages before their internationalisation.

[48] Quer, Claver et al., (2008) applied OLI to some emerging economies but there are many restrictions and peculiarities.

Thus, domestic conditions operate as a spur to FDI. Ramamurti (2012 p.45) points out that "the possibility that EM MNEs have different ownership advantages than developed MNEs (DMNE's), reflecting the distinctive conditions of their home market".

The conventional FDI pull factors (e.g. market seeking FDI, resource seeking FDI, efficiency seeking FDI and strategic asset FDI) have been well researched (Dunning and Lundan, 2008). However, factors including adverse home market conditions are apparent not only in emerging but also in developed markets, and have been underexplored in the literature. In the case of emerging markets, such as China, there are issues that can be considered push factors, such as high levels of competition, low demand (Sauvant, 2005) and saturated home markets (Taylor, 2002).

Similarly, developed markets face push factors (adverse home conditions) such as increased home market competitive pressures, especially in specific industries (Guillén and García-Canal, 2009 p.33). So, it is not simply the differences between established and new MNCs that explain FDI patterns, it is also changing home environment conditions that affect FDI.

We do not suggest abandoning either the old or the new theoretical developments outlined, but rather we propose *a generic framework that encapsulates the home market conditions that might explain push and pull variables of both expansionary FDI* (the company possesses ownership advantages, similar to old MNCs, and expands abroad) *and escape FDI* (the company does not possess conventional ownership advantages and operates in a home market with adverse economic conditions). We suggest that the best way to encapsulate differences and disparities in FDI factors is to develop a framework that includes push and pull factors capable of

explaining simultaneously rather than in isolation, when a country's, firm's or industry's FDI is expansionary and when it is escape FDI. That is, if push factors are stronger, we would expect escape FDI, and if pull factors are stronger we would expect expansionary FDI.

Greek OFDI is a suitable case for testing this framework because it integrates characteristics from both developed and emerging economies and allows a holistic conceptualization of the push-pull framework. In order to operationalise this framework, we examine it according to a country, industry and firm typology.

3.3 Proposed Approach and Conceptual Framework

Due to the inadequacy of the current conceptual frameworks to account for Greek OFDI described in the previous sections and in chapter 2, we propose a reclassification and new taxonomy of the factors that determine FDI decisions. The current research highlights home CSA (Dunning) and host CSA (LLL, COA framework), but they are treated as exclusive or substitute categories rather than as complementary. We propose simultaneous exploration of FDI determinants in the categories of push and pull factors (Table 6).

Push factors are defined as all those negative pressures in the home market which force the company to internationalise in order to survive. Push factors capture the competitive pressure in the home market which effectively reduces the company's competitive advantage: they "push" the firm to expand outside national borders. There are four types of push factors:[49]

[49]We classify them according to concepts from UNCTAD, World Investment Report (2006).

- **Increased Competitive Pressures**: arising from domestic industry competition, reduced home market share, increased presence and growth of domestic market or/and foreign firms, pressure from imports, etc.

- **Adverse Demand Conditions**: these include factors that reduce demand for the company's products, and might induce a decrease in customer purchasing power, and a change in tastes and preferences.

- **Increased Production Costs in the Home Market**: these include any costs related to production such as wage costs, primary resource costs, etc.

- **Adverse Institutional Environment**: any formal and informal institutions that might increase the difficulties related to doing business in the local economy such as poor quality and poor enforcement of business regulations, which result in delayed payments between suppliers and customers.

Pull factors are host market features that attract foreign investors: they "pull" the foreign company to invest in the host market. There are eight types of pull factors:

- **Geographical Proximity:** This includes location specific factors that make the country attractive, e.g. proximity between home and host country which allows efficient control by parent company of the affiliate.

- **Financial Incentives Provided by the Host Market**: these include various country specific financial advantages that influence the potential profitability of the investment, e.g. low cost of labour, FDI incentives and taxation levels.

- **Financial Incentives Provided by the Home Government or Other Regional Institutions**: any potential support provided to the investor for

investing in the host country, e.g. tax credit from the home government or indirect subsidy from a supranational body such as the EU.

- **Business Linkages**: any contacts that the company sees as giving it the opportunity to expand its assets, e.g. strong business contacts between the home company and the host country, and presence of other home public/private companies in the host market.

- **Positive Demand Conditions**: any factors that might improve company sales, e.g. a large customer base or high growth potential for the company's product.

- **Lack of Competitive Pressure**: any factors that might indicate to the firm that there is limited competition in the host market, e.g. relatively sheltered markets, but outside the interests of the major players, highly regulated markets and specific costs and quality segments, or importance of informal networks for successful business.

- **Asset Acquisition**: the potential for the firm to expand its assets, develop its capabilities and establish competitive advantage, e.g. access to raw materials, privatization opportunities or generally "cheap assets".

- **Institutional Specificities**: any advantages from the institutional environment of the host country, e.g. similar culture, historical affinity, knowledge of informal networks, language, etc.

Table 6: Classification of Push and Pull Factors

Push Factors	Pull Factors
*Increased Competitive Pressures in the Home Market	*Geographical Proximity with the Host Market
	*Positive Demand Conditions in the Host Market
*Adverse Demand Conditions in the Home Market	*Lack of Competitive Pressures in the Host Market
	*Asset Acquisition in the Host Market
*Adverse Institutional Environment in the Home Market	*Institutional Specificities in the Host Market
	*Linkages with the Host Market
*Increased Production Costs in the Home Market	*Financial Motives Provided by the Home Market & Regional Institutions
	*Financial Motives Provided by the Host Market

Source: Author's Conceptualization Based on UNCTAD

Hypotheses

Based on the stylized facts, the features of Greek OFDI, the traditional (OLI) and recent (LLL, COA) emerging market theories, and our conceptual framework, we expect push factors to play a negative role in FDI expansion and pull factors to operate as attractors. We hypothesize that push and pull factors represent a meaningful framework for understanding Greek OFDI, and expect our analysis to reveal several significant specific factors that fit with the push/pull logic. We hypothesize that:

H0: Both push and pull factors explain Greek outward FDI.

H1: Push and pull factors cannot explain Greek outward FDI.

3.4 Methods and Process

Data Sources

Sample Size

In 2006-2008, there were 633 companies with Greek interests[50] in Bulgaria and FYROM (Table 7).

Table 7: Sample of Business Research Population[51]

Sample of Business Research Population		Bulgaria	F.Y.R.O.M	Total
	Greek Embassy Company Indexes in Total	452	181	633
	Greek F.D.I Companies with Officially or Unofficially Greek Parent Companies	123	78	201
	Firms Questioned	102 out of 123 (82.9% of the Businesses Population Questioned)	50 out of 78 (64.1% of the Businesses Population Questioned)	75.6%
Excluded From the Business Research Population	Non - F.D.I Companies of Greek Ownership	80	28	108
	Other Companies	146	23	169
	Greek Garment Industry Companies Operating in the Host Market	103	52	155

Source: Greek Embassy in Bulgaria and FYROM and author's survey [52]

This thesis is based on extensive field research; practical issues had a major effect on data acquisition and the research design. We searched first for a registry of Greek FDI companies in FYROM and Bulgaria, but there is no single entity responsible for compiling such a list, so a combination of sources was searched.

We consulted the Economic and Commercial Consulates in the respective Greek embassies. We also used other data sources to ensure the quality and completeness of the data. These sources include annual reports of the Greek Ministry of the Economy

[50] This number involves companies with parent company in Greece (FDI) and simply Greek owned firms with no parent company in Greece, non FDI companies.

[51] Please, see at the appendix 5 (pp. 302-305) for further information and discussion on the sample of firms.

[52] During this research considerable effort was put into contacting every one of the 633 Greek enterprises in the host markets of Bulgaria and FYROM.

and the Chambers of Commerce in Athens and Thessaloniki, the Inter-Balkan and Black Sea Entrepreneurial Centre and the Greek International Business Association (SEVE).

The data were merged to obtain an updated list of 633 registered companies. However, we could not identify whether the firms involved were FDI (whether there was a parent company in Greece) or simply Greek owned but with no parent company in Greece.

Company histories and profiles were searched for on web sites, but the information in most cases was incomplete. We searched for company email addresses, but many companies did not have one and among those we found, delivery failed in many cases. Finally, we tried direct phone contact with the firms. In many cases, the phone numbers were incorrect, so we tried to visit the firms but many addresses were incorrect.

Alongside with some firm websites, phone calls proved the most effective at obtaining information, but there were costly and time consuming, and in most cases more than one phone call was required to identify who was the appropriate contact (the number of calls made amounted to over 500).

Table 7 shows the effort involved in contacting all 633 Greek enterprises in Bulgaria and FYROM and confirming our data.[53]

The Greek Embassy Company Indexes (Table 7) include all registered companies (FDI or not) in the host country, owned by Greek entrepreneurs; 452 were in Bulgaria and 181 in FYROM.

[53] Note that although resource heavy, the support and guidance of the Greek Embassy in Bulgaria and the Liaison office in FYROM and their General Secretariats of International Economic Relations and Development Cooperation were essential.

Table 7 shows that there are 80 non-FDI but Greek owned companies in Bulgaria and 28 in FYROM. None of them was included in the business research population since they do not conform to the standard definition of FDI.

Other companies excluded from the population after cross checking, were those that had closed down or been sold to locals, those double listed in catalogues, and companies for which the questionnaire was not-applicable such as casinos and private colleges. In addition, we excluded the garment industry because do not possess the attributes necessary for this research (i.e. they do not have at all or they do not have a fully operated parent company in the Greek market). From the 633 firms, only 201 were the result of Greek FDI, the rest were companies with Greek owners, but not headquartered in Greece.

A 41 page questionnaire was piloted in seven interviews in FYROM. The pilot study showed that the questionnaire was too complex and time consuming, so the number of questions was reduced although care was taken not to affect the completeness of the data collection. The final questionnaire included 16 pages and approximately 500 questions and data points used in the research interviews. This refined version was more effective in terms of outcomes and less time consuming.

The pilot stage showed that some interviewees were confused by questions that required them to rank their responses. To resolve this, they were shown a card with the ranking printed on it in figures and words. This was helpful and also saved time during the main survey.

Table 7 presents the number of our business research population which is 201 firms. We took responses from 152 companies comprising 64.1% of the population in FYROM and 82.9% in Bulgaria; 22 companies that had invested in both markets were

excluded only from the country level analysis since their inclusion would have complicated the analysis.

The survey uses closed questions to restrict bias, and restrict inferences from the interviewer, thus, ensuring greater accuracy of research outcomes. Statistical analysis of parametric & non-parametric tests and logistic regression were employed. Thus, the findings were cross-checked and seem to be accurate and unbiased.

The questionnaire was administered by the researcher, which allowed direct contact with the business executives and a high level of rapport compared with other modes of questioning. The sample collected (82.9% in Bulgaria and 64.1% in FYROM) of total Greek FDIs was extensive which allows us to be confident about generalizing the results.

Variables Used (Dependent & Independent)

Logistic regression models were employed for each case. More specifically in chapters 4, 5, 6 were employed logistic regression analysis models with dependent variables a) country, b) industry and c) firms (new typology) to check whether push and pull factors are important for FDI and to explore which factors exert the biggest influence. In the absence of time series data, this is the only way to explore the determinants of OFDI.

Analytically the dependent variables for the country, the industry and the firm level perspective are:

The Dependent Variables

Logistic Regression (Country Perspective), chapter 4:

Using firm-level data, we classify all firms by a country of investment, reflecting the investor's decision to invest in FYROM or Bulgaria. If the investment is in Bulgaria, (large market, more developed, stronger competition) the dependent variable is 0 and for investment in FYROM, (small market, less developed, weak competition) it is 1.The model should explain differences in the determinants of OFDI in these neighbouring countries of Greece.

Logistic Regression (Industry Perspective), chapter 5:

Using firm-level data, we classify all firms by industry, where a dependent variable operationalised as follows: if industry type=0, then the company belongs to the manufacturing or trade industry while if industry type=1, then the company belongs to the services or construction industry. We ran the logit model to clarify whether specific push and pull factors are significant for explaining the firm's industry membership. If the results are significant they point to industry differences in the determinants of FDI.

Logistic Regression (Firm Perspective), chapter 6

In this section, we identify two pairwise sets of taxonomies: *Crisis vs. Healthy*, and *Lead vs. Satellite*. For the first group, the dependent variable is a binary variable, denoting Healthy (0) and Crisis investors (1) while for the next logistic model of new

firms' taxonomy, the dependent variable stands for Lead (0) and Satellite investors (1). We test whether the determinants of FDI differ significantly between these two new firm taxonomies.

Statistical Analysis Technique

Our dependent variable takes the values 0-1, which reduces the range of possible regression techniques dramatically. We decided to use logistic regression analysis, a method that has been widely used in research on market entry and is similar to FDI entry, to predict the occurrence of the dependent variable (Agarwal and Ramaswami, 1992; Erramilli and Rao, 1993; Tatoglu and Glaister, 1998).

Our model takes the following logistic regression form:

p (dependent variable) $=\frac{\mathbf{1}}{\mathbf{1}+e^{-(\beta_0+\beta_1 x)}}$

In first case chapter 4, in the logistic regression offering a country perspective, p (country) is the probability of investing in FYROM or Bulgaria. In the second case, in chapter 5 for the dependent variable reflecting industry, p (industry) is the probability of firm's industry belonging (Manufacturing & Trade Vs. Services & Construction). Finally, for the logistic regression models of new taxonomy of firms (Crisis vs. Healthy, and Lead vs. Satellite) p is the probability of firm's new typology classification for each case.

Independent variables: $-(\boldsymbol{\beta_0}+\boldsymbol{\beta_1 x})$ is the matrix of all our independent variables.

Tables 8 and 9 present the proposed push and pull factors and how the survey has operationalised. The survey includes 25 push factors and 40 pull factors. Table 10 presents the control variables.

Table 8: Proxies for Push Factors

	PUSH FACTORS (From the Home Market)	Measurement Scale & Response Type
Proxies		
Adverse Demand Conditions in the Home Market	Low Customer Purchasing Power	Likert Scale 1-5
	Limited Customers Due to Small Population	
	Changes in Customer's Habits	
	De-Industrialization	
	Industry Shrinkage in the Home Market/of them:	Yes/No
	a) Industry Shrinkage as a Factor for Internationalization	
	b) Industry Shrinkage as a MAIN Factor for Internationalisation	
Increased Production Costs in the Home Market	Increased Wage Costs	Likert Scale 1-5
	Increased Input Costs	
	Increased Fixed Costs	
Adverse Institutional Environment in the Home	Credit Time Payment Between Supplier - Customer	
	Increased Tax Policy	
Increased Competitive Pressures in the Home Market	Compensatory Investment Due to Increase of Home Market Industry Competition	
	Compensatory Investment for the Company's Home Market Share Reduction	
	Low Price of Competitive Products	
	Quality of Competitive Products	
	Competitors' Use of New Technology	
	Competitors' Use of Different Management Models	
	Increase in Competition in the Home Market During Last Decade Due to :	Yes/No
	Increase in New Greek Competitor Firms	
	Increase in New Foreign Competitor Firms	
	Market Entry of Other Competitive Products in the Home Market e.g Chinese Products	
	Increased Competition Due to Existing Home Market Firms Growth	
	Increased Competition as a Factor for Internationalisation	
	Increased Competition as a MAIN Factor for Internationalisation	

Source: Author's Classification

Table 9: Proxies for Pull Factors

	PULL FACTORS (Host Market)	Measurement Scale & Response Type
Proxies		
Geographical Proximity with the Host Market:	Host Market Knowledge	
	Business Know-How in the Host Country	
	Proximity between Parent Company & the Foreign Affiliate (Important for Control Purposes)	
	Fast Raw Material Supply & Services Provision from the Parent Company	
Financial Motives Provided by the Host Market :	Low Cost of Labour Force	
	Low Cost of Other Factors of Production/Services	
	Old Technology/Machinery Transfer in Countries with Low Scale Production	
Financial Motives Provided by the Home Market & Regional Institutions :	Tax Incentives	
	Specific Company Incentives Offered by the Host Government	
	EU/Greek Government Financial Support Measures	
	Greek Government/Private Industry Loan Support	
	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	
	South East European Regional Business Agreement	
	Risk Reduction Investment in Different Countries	
Linkages between Home-Host Companies:	Excellent Political Contacts in the Host Country	
	Excellent Business Contacts in the Host Country	
	Local Company Cooperation Offered	
	Foreign Company Cooperation Offered	Likert Scale 1-5
	Presence of Other Greek Public/Private Companies in the Host Market	
	Following Parent Company's Customers in the Host Market	
Positive Demand Conditions in the Host Market:	Large Customer Base	
	Parent Company's Products/Services Market Growth	
	Export Development into Other Markets	
	Well-known Brand Name in the Host Country	
Lack of Competitive Pressures in the Host Market:	Low Competition in the Host Market	
	Higher Host Investment Profit Compared to the Home one	
Asset Acquisition in the Host Market:	Acquisition of the Market Share	
	Asset Acquisition Investment	
	Entry in the Host Market to Create Entry Barriers	
	Entry in Host Market Technology or Local Company Technology	
	Lack of Production Factors in Greece	
	Raw Material Access & Security Control worldwide	
	New Products/Services for the Parent Company	
	New Products/Services for the Greek Market	
Institutional Specificities in the Host Market:	Company Participation in Host Country Privatization Plan	
	Investments Due to Geopolitical History & Previous Historical Links in the Area	
	Similarities in Mentality & Culture with Home Market	
	Regional Integration via Country's Position in Relation to EU Membership	
	Lack of Business Partner, Licensee , Franchisee	
	Presence of Competitors in the Host Market or/and S.E.E	

*Note: Exports (or other modalities e.g. turnkey projects for services/construction industries)

Source: Author's Classification

Table 10: Control Variables

Control Variables - Country Model	
P r o x i e s	
Company Size	Number of Employees for the Company Group
Company Age	Establishment Year
Industry Type	Manyfacturing-Trade Vs Services-Construction
Year of Entry in the Host Market	Company Established prior 2001 in the host market / or Company Established after 2001
Headquarters Base	North or South Based Company
Company's Mode of Entry in the Host Market	Acquisition- Joint Venture - Greenfield

Source: Author's Classification

Given the limitations of econometric analysis, not all factors are included in the models. Their selection was based on the following method. First, we conducted the appropriate statistical Mann-Whitney tests (for Likert Scale variables, 1-5) or Pearson chi square tests (for categorical data, Yes/No) to identify whether there are differences for each factor across the two countries. If we reject the hypothesis of no difference, then the push or pull factor can be used in the logistic regression model.

Chapter 4 Greek OFDI Country Perspective

4.1 Introduction

FDI is a crucial element of economic development, especially for developing countries. It occurs when a company from a country A (home market) establishes or acquires a firm in country B (host market) (OECD, 1996). This type of investment involves long-term capital transactions, both initial and subsequent, between the parent company and the foreign affiliate. It also requires that the parent company has an effective voice (equity-based investment with the threshold defined as 10% or above) in the management of the foreign affiliate in the host market (IMF, 1977, cited in Ietto-Gillies , 2005, p.33).

As a country's inward investment position improves, its outward position is expected also to improve. This proposition is a feature of IDP theory (Dunning and Narula, 1996a), which describes a country's economic development in relationship to inward and outward FDI.[54] It requires several years of inward FDI for a country to start to become competitive and progress towards engagement in outward FDI.

The Greek case is peculiar in the sense that its inward position is poor while its outward position has been gradually improving. Greece is a relatively isolated location for inward FDI, but shows a rather high degree of outward FDI. Figure 20 plots Greece's inward and outward FDI performance index.[55] We use this index

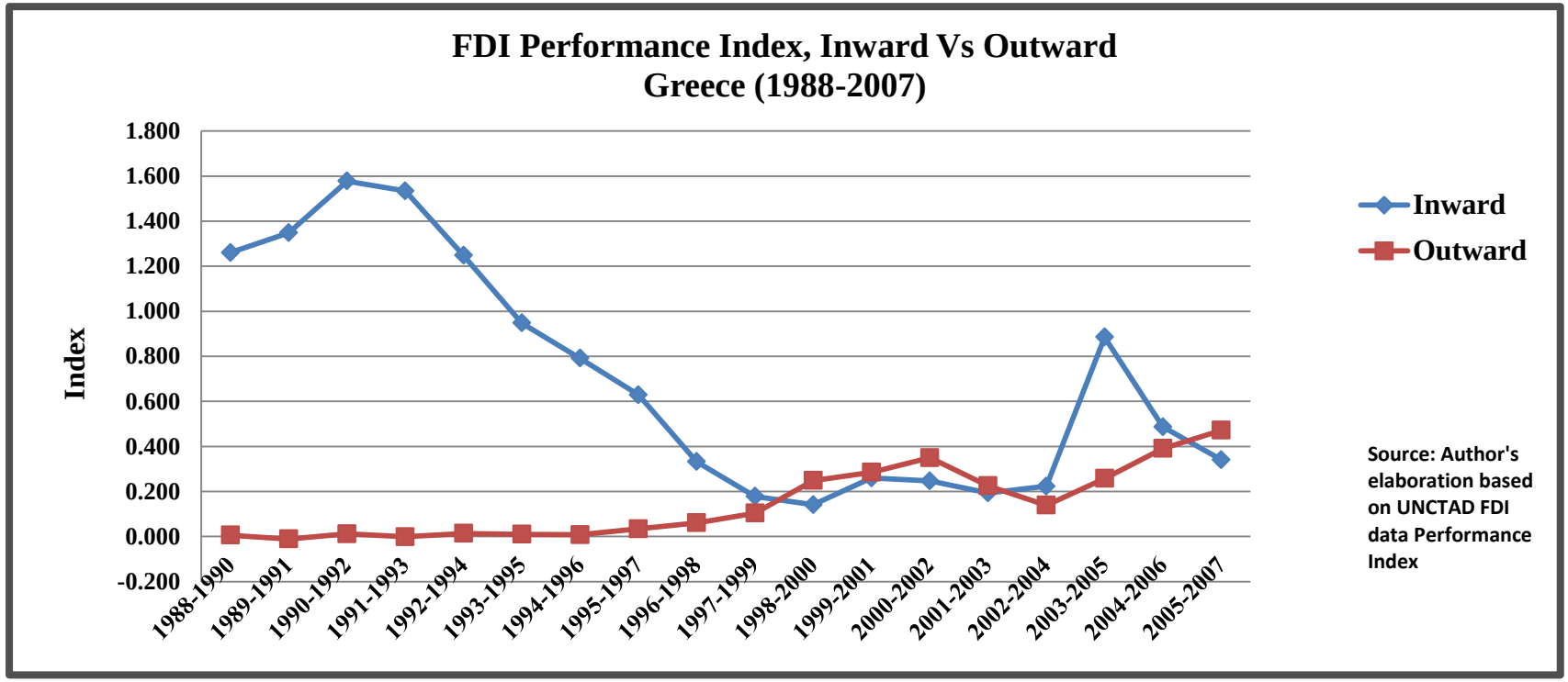
[54] In section 2.2.1 Investment Development Path (Macro and Regional Approaches), we discussed the IDP process and its limitations in the Greek context (pp.74-84).

[55] "The UNCTAD Inward FDI Performance Index is a measure of the extent to which host countries receive inward FDI. The Index ranks countries by the amount of FDI they receive relative to their economic size, calculated as the ratio of a country's share in global FDI inflows to its share in global GDP. A value greater than one indicates that the country attracts more FDI in proportion to its economic size, a value below one shows that it receives less (a negative value indicates that foreign investors disinvested in that period). Thus, a higher index implies success in the competition, explicit or implicit, to attract FDI " UNCTAD, World Investment Report 2004, p.12

because it is based on a selected combination of factors and, thus, provide a full picture of a country's FDI position[56] by capturing "ownership advantages" and "location advantages" which are helpful for the present analysis. The higher the value of the index, the more FDI a country has or invests as an outward investor. Figure 20 shows that, in 1988-1999 Greece's inward FDI was declining, and that after 1998 outward FDI starts to increase.

[56] Data are available only to 2007.

Figure 20 : Inward & Outward FDI Performance Index Greece (1988-2007)



Source: Data Compilation (UNCTAD 1988-2007 Inward FDI Performance Index; UNCTAD 1988-2007 Outward FDI Performance Index)

This paradoxical sharp decrease in inward FDI performance index up to 1999, followed by a gradual increase in outward FDI is discussed in analytical terms in this chapter.

The most popular destination for Greek outward investment is South East Europe (SEE),[57] whereas most experienced Western international investors are adopting a "wait and see attitude"[58] to invest in these countries (Karagianni and Labrianidis, 2001). Studies (Estrin and Uvalic, 2014) show that international investors tend to prefer Central East Europe (CEE) because of the small market size of the SEE countries, their geographical distance from prosperous western investors, and their many political and institutional issues and generally poor prospects of EU membership. Nevertheless, equally important is the ability of firms to innovate and to manage these institutional idiosyncrasies (Henisz, 2003).

It is interesting that in these "non-prosperous" SEE (compared to CEE) markets, Greek investors that are new to outward FDI activity and lack conventional ownership advantages, have been investing continuously in the area because they perceive them to provide more and better opportunities than their home market.[59] They can be considered successful investors in Bulgaria and FYROM.[60] As Ramamurti (2012) argues, there is a need for further research into what makes an ownership advantage valuable and how the home market context shapes such advantage.

[57] See Figure 14, Greek Outward FDI by Regions (2001-2012) (p.39).
[58] See Figure 15, Inward FDI Stock in SEE Countries Vs. CEE Countries (p.41).
[59] See Appendix 6, Investment Opportunities for Greek investors in Host Market Compared to Home from our survey results (p.306). Also this supported from (Salavrakos and Petrochilos, 2003)
[60] See Appendix 7, Business Returns and Investment Regrets of Greek investors in Bulgaria and FYROM (p.307).

This chapter explores the paradox in Greek outward investment in Bulgaria and FYROM, two adjacent SEE countries that have experienced significant Greek FDI activity.[61] The two countries are different: Bulgaria is large and competitive, and is a member of the EU, while FYROM is a small market and is not a member of the EU.

In Chapter 2 we analysed how conventional theories (2.1 & 2.2), differences and similarities of EM MNCs (2.3) do not provide a clear explanatory framework for the behaviour of Greek outward investors in SEE. In section 2.4 we discuss the theoretical framework by summarizing the key elements of the traditional Ownership-Location-Internalization (OLI) framework and emerging economies FDI theories, Linkage-Leverage-Learning (LLL) and Comparative Ownership Advantage (COA), elaborating their strengths and weaknesses for explaining Greek FDI decisions. Chapter 3 describes key conceptual departures of the research and presents proposed conceptual framework that distinguishes FDI determinants into home market push and host market pull factors. Section 3.4 discusses the data collection process and econometric techniques used. Now, chapter 4 presents and discusses the findings from Greek OFDI at a country level.

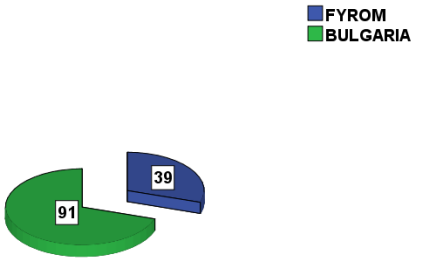
[61] See Figure 16: Inward FDI in FYROM by Country of Origin (1997-2008) p.43 and Figure 17: Inward FDI in Bulgaria by Country of Origin, (1996-2013) p.44.

4.2 Results and Analysis of Greek OFDI at a Country Level

Overview of the Survey Results

The pie charts illustrate the characteristics of the companies in the survey. The first group of pie charts (Figures 21 to 25) and Table 11 refer to the characteristics of the parent company in terms of country of investment, industry affiliation, year of establishment, number of employees, regional origin and legal form[62].

Figure 21: Host Country



Source: Author's Survey Results (based on 130 companies)

The sample includes a total of 152 Greek companies - 102 of which invested in Bulgaria and 50 in FYROM, and 22 which invested in both Bulgaria and FYROM. To enable adequate statistical analysis in this chapter, we dropped these 22 companies, leaving a sample of 91 companies that invested only in Bulgaria and 39 companies that invested only in FYROM.

Of these 130 companies, 41.5% belong to the manufacturing industry, 25.4% to services, 22.3% to trade and 10.8% to construction (Figure 22). Our sample includes mainly companies established before 2000 (98%) (Figure 23) of diverse sizes (Figure 24). Forty per cent of the sample companies come from the North of Greece and the

[62] Please, note that 22 companies that invest in both FYROM and Bulgaria are excluded from this part of the analysis in order to enable robust statistical results.

remaining 60% from the South (Figure 25). Table 11 shows that most of the companies from the South invested in Bulgaria and most from the North invested in FYROM.

Table 11: Home Market Company Location (Headquarters)

Parent Company Background Information	Investors in Bulgaria %	Investors in F.Y.R.O.M %	χ2 test, df, N, p values
Home Market Company Location :			
South Part of Greece (Capital City)	73.6	28.9	χ2 (1, N=125) =21.936 p <.0001
North Part of Greece (Closer to Host Markets)	26.4	71.1	
Total	100	100	

Source: Author's Survey Results (based on 130 companies)

Figure 22: Parent Industries(4) Categories%

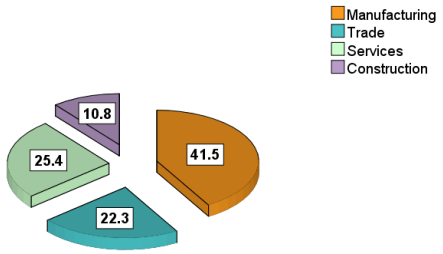


Figure 23: Year of First Establishment %

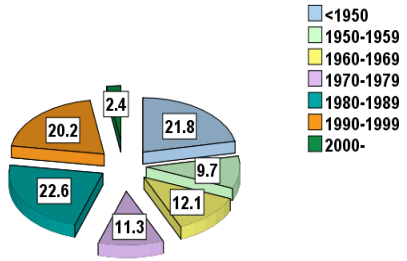


Figure 24: Number of Employees for Group of Company in%

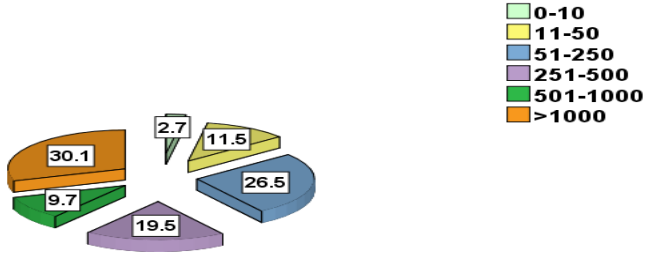
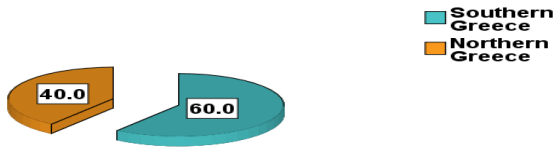


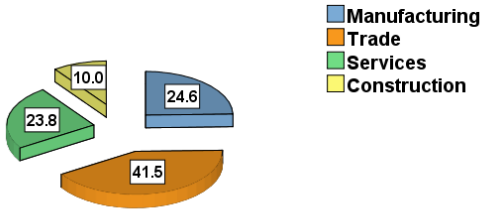
Figure 25: Parent Company Geographical Origin in %



Source: Figures 22, 23, 24, 25 Author's Survey Results (based on 130 companies)

Trade industry companies constitute the largest part (41.5%) of foreign affiliates (Figure 26) in these host markets. However, many of them are trade affiliates of manufacturing parents. More specifically, 40.7% of parent manufacturing companies invest in trade activities in Bulgaria and FYROM, [63] suggesting that Greek manufacturing companies use these trade companies as an export arm. Table 12 shows that investments in FYROM are largely in manufacturing and trade and in Bulgaria are mostly trade and services. The foreign affiliate companies are small or medium sized enterprises (SME) with a maximum of 50 employees (Figure 27).

Figure 26: Foreign Affiliate - Industry Type 4 Category in %



Source: Author's Survey Results (based on 130 companies)

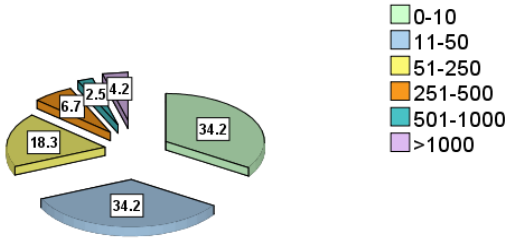
[63] See Appendix 8: Parent & Affiliate Industry Type of Investments (p. 307)

Table 12: Affiliates by Industry Type of Investment of Greek Parent Companies in Bulgaria & FYROM, (Percentages)

Foreign Affiliate Background Information	Investors in Bulgaria (%)	Investors in F.Y.R.O.M (%)	χ2 test, df, N, p values
Industry Type of Investment :			
Manufacturing	19.8	35.9	χ2 (3, N=130) =9.210 p =.027
Trade	38.5	48.7	
Services	29.7	10.3	
Construction	12.1	5.1	
Total	100	100	

Source: Author's Survey Results (based on 130 companies)

Figure 27: Foreign Affiliate by Size of Employment in %



Source: Author's Survey Results (based on 130 companies)

A majority of the companies achieved market entry through greenfield investment (71.5%), rather than M&A (19.2%) despite lacking prior internationalisation experience (Figure 28). The ownership of the companies (parent and affiliate) is primarily Greek, 71.5% (Figure 29) highlighting the intention of the Greek players to keep tight control of their companies. In fact, security and control of investment (especially for quality issues) is one of the reasons for direct investment 42.5% (Figure 30).

Figure 28: Company's Mode of Entry in the Host Market in %

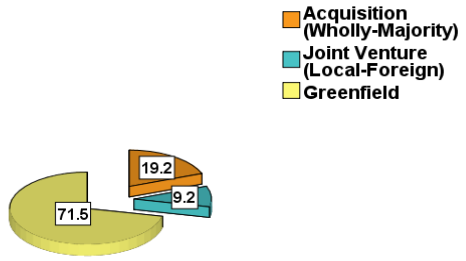


Figure 29: Ownership Structure Host Company in %

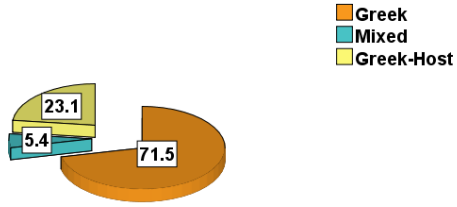
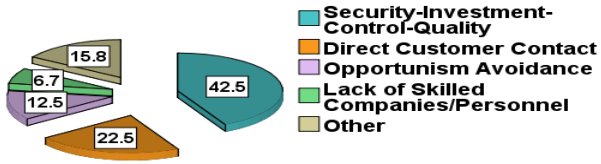


Figure 30: Reasons for Direct Investment %



Source Author's Survey Results (based on 130 companies)(Figure 28,29,30)

As we have already mentioned in our methodology we employed a logistic regression model for the country case. The model should explain differences in the determinants of Greek OFDI in these neighbouring countries.[64] We chose Bulgaria and FYROM because they are in the same geographical area, but have different features. Bulgaria is a fairly large market (almost 8 million people), is more developed and is a member of EU. It is more competitive and has a higher density of foreign investors compared to FYROM (almost 2 million people). Given their size and institutional differences this should allow a better understanding of OFDI determinants.

This model represents the investor's decision to invest in FYROM or in Bulgaria and to check whether push and pull factors are important for FDI and to explore which factors exert the biggest influence. Before our analysis we present an overview of summary statistics for the independent and control variables.

Summary Statistics for the Independent and Control Variables

Table 13 presents the push and pull factors identified as independent variables for the regression, along with their measurement metrics.[65]

[64] We ran logistic regressions using also OLI variables. However, the results are neither meaningful nor significant compared to those using the push pull variables reported. Please, see appendices 9 up to 9.3 (pp.308-313) for the logistic regression results with dependent variable Country and OLI variables.

[65] Table 13: The responses of push and pull factors were measured on a 1-5 Likert scale with 1 the lowest and 5 the greatest value while 0 is the value for "not applied" (Ordinal Variables). The responses for the control variables were measured as follows: "Company Size" (Likert scale 1-6), "Company Age" (Likert Scale 1-7) (Ordinal Variables) while "Industry Type", "Year of Entry in the Host Market", "Headquarters" (Categorical Variables 0,1) and "Company Mode of Entry in the Host Market" (Categorical Variable 1,2,3).

Table 13: Proxies and Indicators of Push and Pull Factors and Their Metrics Used for Logistic Regression Country

Push Factors			
Proxies	**Indicators**	**Mean**	**Std. Deviation**
Adverse Demand Conditions	Low Customer Purchasing Power in the Home market	2.51	1.473
Increased Production Costs in the Home Market	Input Costs in the Home Market	2.33	1.597
Adverse Institutional Environment	Credit Time Payment Between Supplier - Customer	2.97	1.776
Increased Competitive Pressures	Compensatory Investment for the Company's Home Market Share Reduction	1.88	1.442
	Competitors' Use of New Technology	1.31	.840
Pull Factors			
Proxies	**Indicators**	**Mean**	**Std. Deviation**
Geographical Proximity	Close Control Between Parent Company & the Foreign Affiliate	3.19	1.387
Financial Motives provided by the Home Market & Regional Institutions	Specific Company Incentives Offered by the Host Government	1.06	.494
	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	1.52	1.432
Linkages between Home and Host firms	Presence of Other Greek Public/Private Companies in the Host Market	2.24	1.391
	Following Parent Company's Customers in the Host Market	1.62	1.338
Positive Demand Conditions	Export Developement into Other Markets	2.58	1.579
Asset Acquisition	New Products/Services for the Parent Company	1.38	1.081
	New Products/Services for the Greek Market	1.32	.998
Institutional Specificities	Regional Integration via Country's Position in Relation to EU Membership	1.95	1.363
Control Variables - Country Model			
Proxies	**Indicators**	**Mean**	**Std. Deviation**
Company Size	Number of Employees for the Company Group	4.12	1.507
Company Age	Establishment Year	3.73	1.917
Industry Type	Manufacturing-Trade Vs Services-Construction	.36	.482
Year of Entry in the Host Market	Prior 2001 in the host Market - After 2001	.57	.497
Headquarters Base	North or South Based Company	.40	.492
Company's Mode of Entry in the Host Market	Acquisition- Joint Venture - Greenfield	2.52	0.80

Source Author's Survey Results (based on 130 companies)

The correlation matrix[66] of the model variables reveals that there are no problems of multicollinearity among the push factors, since none of the correlation coefficients exceeds 0.5. There are also no problems of multicollinearity between push and pull factors. However, there are collinearity problems among the pull factors. In particular, we observe high correlations between products/services new to the parent company and products/services new to the Greek market. These high correlations suggest that firm innovations are often new to the Greek market. For this reason, we decided to retain only the variable products/services new to the Greek market since this is conceptually more interesting[67].

[66] See Appendix 10 Correlation Matrix Using Push-Pull Framework of the Model Country (Greek OFDI in a Country level Analysis) (p.314)

[67] We re-ran the model excluding the variable products/services new to the parent company due to high correlation with the variable products/services new to the Greek market; there are no essential differences at any level. This means that our model is robust to the inclusion or exclusion of this variable.

Results of Models Estimates

Table 14: Logistic Regression Results for Country Perspective on the Push & Pull Conceptual Framework

Logistic Regression - Country		model a		model b		model c		model d	
		b/p	exp	b/p	exp	b/p	exp	b/p	exp
PUSH FACTORS									
P r o x i e s									
Adverse Demand Conditions:	Low Customer Purchasing Power in the Home Market	**0.743****	**2.103****	**0.761****	**2.141****	**0.7601****	**2.138****	**0.753****	**2.124****
		(0.014)	**(0.014)**	**(0.011)**	**(0.011)**	**(0.011)**	**(0.011)**	**(0.011)**	**(0.011)**
Increased Production Costs in the Home Market:	Input Costs in the Home Market	-0.121	0.886	-0.132	0.877	-0.124	0.884		
		(0.662)	(0.662)	(0.630)	(0.630)	(0.650)	(0.650)		
Adverse Institutional Environment:	Credit Time Payment Between Supplier - Customer	-0.255	0.775	-0.267	0.766	-0.284	0.753	-0.316	0.729
		(0.269)	(0.269)	(0.245)	(0.245)	(0.216)	(0.216)	(0.149)	(0.149)
Increased Competitive Pressures:	Compensatory Investment for the Company's Home Market Share Reduction	0.126	1.135	0.133	1.142	0.135	1.144	0.133	1.142
		(0.599)	(0.599)	(0.578)	(0.578)	(0.569)	(0.569)	(0.573)	(0.573)
	Competitors' Use of New Technology in the Home Market	0.386	1.471	0.399	1.490	0.396	1.486	0.340	1.405
		(0.384)	(0.384)	(0.363)	(0.363)	(0.360)	(0.360)	(0.416)	(0.416)
PULL FACTORS									
P r o x i e s									
Geographical Proximity:	Close Control Between Parent Company & the Foreign Affiliate	**0.494***	**1.639***	**0.486***	**1.626***	**0.471**	**1.601**	**0.467***	**1.596***
		(0.087)	**(0.087)**	**(0.089)**	**(0.089)**	**(0.091)**	**(0.091)**	**(0.090)**	**(0.090)**
Financial Motives provided by the Home Market & Regional Institutions :	Bilateral Agreements among Post-Communist Neighbours (Tariffs or Tax Duties)	0.200	1.221	0.189	1.208	0.192	1.212	0.149	1.161
		(0.456)	(0.456)	(0.476)	(0.476)	(0.471)	(0.471)	(0.544)	(0.544)
Linkages between Home and Host Companies:	Presence of Other Greek Public/Private Companies in the Host Market	**-0.644****	**0.525****	**-0.628****	**0.533****	**-0.644****	**0.535****	**-0.642****	**0.526****
		(0.017)	**(0.017)**	**(0.018)**	**(0.018)**	**(0.019)**	**(0.019)**	**(0.015)**	**(0.015)**
	Following Parent Company's Customers in the Host Market	0.130	1.138						
		(0.678)	(0.678)						
Positive Demand Conditions:	Export Development into Other Markets	0.109	1.115	0.103	1.109	0.134	1.144	0.132	1.141
		(0.622)	(0.622)	(0.636)	(0.636)	(0.515)	(0.515)	(0.521)	(0.521)
Asset Acquisition:	New Products/Services for the Greek Market	0.156	1.169	0.145	1.156				
		(0.640)	(0.640)	(0.662)	(0.662)				
Institutional Specificities:	Regional Integration via Country's Position in Relation to EU Membership	**-0.553***	**0.575***	**-0.555***	**0.574***	**-0.552***	**0.576***	**-0.574***	**0.563***
		(0.088)	**(0.088)**	**(0.087)**	**(0.087)**	**(0.088)**	**(0.088)**	**(0.072)**	**(0.072)**
Control Variables									
P r o x i e s									
Company Size	Number of Employees for the Company Group	-0.076	0.927	-0.083	0.921	-0.114	0.893	-0.125	0.883
		(0.788)	(0.788)	(0.770)	(0.770)	(0.678)	(0.678)	(0.648)	(0.648)
Company Age	Establishment Year- Parent Company	-0.182	0.833	-0.178	0.837	-0.176	0.839	-0.175	0.839
		(0.412)	(0.412)	(0.426)	(0.426)	(0.428)	(0.428)	(0.430)	(0.430)
Industry Type	Manufacturing-Trade Vs Services-Construction	-1.080	0.340	-1.104	0.332	-1.161	0.313	-1.083	0.339
		(0.278)	(0.278)	(0.265)	(0.265)	(0.236)	(0.236)	(0.265)	(0.265)
Year of Entry in the Host Market	Prior 2001 in the Host Market - After 2001	0.768	2.155	0.749	2.114	0.718	2.051	0.708	2.030
		(0.266)	(0.266)	(0.277)	(0.277)	(0.295)	(0.295)	(0.301)	(0.301)
Headquarters Base	North or South Based Company	**1.783****	**5.949****	**1.702****	**5.487****	**1.651****	**5.213****	**1.674****	**5.335****
		(0.022)	**(0.022)**	**(0.024)**	**(0.024)**	**(0.026)**	**(0.026)**	**(0.023)**	**(0.023)**
Company's Mode of Entry in the Host Market	Acquisition- Joint Venture - Greenfield	-0.400	0.670	-0.388	0.678	-0.461	0.631	-0.457	0.633
		(0.372)	(0.372)	(0.384)	(0.384)	(0.260)	(0.260)	(0.261)	(0.261)
logit statistics	constant	-2.169	0.114	-1.929	0.145	-1.389	0.249	-1.336	0.263
		(0.473)	(0.473)	(0.517)	(0.517)	(0.606)	(0.606)	(0.620)	(0.620)
N		130		130		130		130	
Hosmer and Lemeshow Test		.823		.915		.797		.543	
Cox & Snell R Square		.435		.434		.433		.432	
Nagelkerke R Square		.610		.608		.607		.605	
-2 Log likelihood		74.784		74.953		75.148		75.357	
df_m		18		17		16		15	
chi2		62.824		62.655		62.460		62.251	
aic		112.7		110.9		109.1		107.3	
bic		164.0		159.5		155.0		150.0	
legend: * p<.1; ** p<.05; *** p<.01									

Source: Author's Survey Results (based on 130 companies

Table 14 presents the results of our logistic regression. We ran four different specifications of the original model. More analytical, in the first model, there are both push and pull factors that explain whether the company invested in Bulgaria or in FYROM. The N is 130 observations out of 152 because we exclude 22 companies that had invested in both markets (Bulgaria and FYROM). In that way we make our analysis less complex, more adequate and straightforward. It includes 5 push factors, 7 pull factors and 6 control variables. For push factors we include in the model Low Customer Purchasing Power in the Home Market (Adverse Demand Conditions Proxy), Input Costs in the Home Market (Increased Production Costs in the Home Market Proxy), Credit Time Payment between Supplier – Customer (Adverse Institutional Environment Proxy), Compensatory Investment for the Company's Home Market Share Reduction and Competitors' Use of New Technology in the Home Market (Increased Competitive Pressures Proxy). As far as it concerns pull factors we include Close Control Between Parent Company & the Foreign Affiliate (Geographical Proximity Proxy), Bilateral Agreements among Post-Communist Neighbours (Financial Motives provided by the Home Market & Regional Institutions Proxy), Presence of Other Greek Public/Private Companies in the Host Market and Following Parent Company's Customers in the Host Market (Linkages Proxy), Export Development into Other Markets (Positive Demand Conditions Proxy), New Products/Services for the Greek Market (Asset Acquisition Proxy) and finally Regional Integration via Country's Position in Relation to EU Membership Institutional Specificities Proxy). We used as control variables the Company Size and Age, Industry Type, Year of Entry in the Host Market, Headquarters base and the Company's Mode of Entry in the Host Market. In the first model (a) we obtain four

significant push-pull variables and one control, more specifically Low Customer Purchasing Power in the Home Market (0.014) as a push factor, and Close Control Between Parent Company & the Foreign Affiliate (0.087), Presence of Other Greek Public/Private Companies in the Host Market (0.017), Regional Integration via Country's Position in Relation to EU Membership (0.088) as pull factors, with North or South Based Company (0.022) as a significant control variable. Thus, our logistic regression model shows that both push and pull factors are important for Greek OFDI and explain differences in the determinants of OFDI in neighbouring countries to Greece. Since it involves logit statistics, the model does not reject the null hypothesis of the Hosmer-Lemeshow test (p-value greater than 0.05). Moreover, additional descriptive measures of goodness-of-fit such as Cox and Snell and Nagelkerke, which are $R2$ indices, are valid for our model and all other specifications.

As already mentioned, the dependent variable, Country, represents the investor's decision to invest in FYROM or in Bulgaria: if the investment is in Bulgaria, (large market, more developed, stronger competition) the dependent variable is 0 and is 1 for investment in FYROM, (small market, less developed, weak competition). Our model revealed a positive coefficient (0.743) for Low Customer Purchasing Power in the Home Market and for Close Control Between Parent Company & the Foreign Affiliate (0.087) which is based in North part of Greece (1.783), thus those investors who considered these as major incentives tend to invest in FYROM. On the other hand, when Presence of Other Greek Public/Private Companies in the Host Market (-0.644) and Regional Integration via Country's Position in Relation to EU Membership (-0.553), exert more influence on the decision to invest, then these investors tend to invest in Bulgaria. The main finding from the above model is that both push factors

are useful determinants of the probability of a company to invest in Bulgaria or FYROM. We re-ran the models in order to obtain more robust results.

In the second model (b), we excluded the variable with the highest p value - Following Parent Company's Customers in the Host Market. This model fits slightly better than the previous one, but with no essential differences in significance levels, coefficients or logit statistics. In the third model (c), we exclude the variable New Products/Services for the Greek Market which shows the highest p value compared to the model's push and pull factors. Again, in this case, there are no crucial differences with the previous models.

In the last model (d), we exclude the variable with the highest p value - Input Costs in the Home Market. The results show that this is the best model in terms of efficiency since it has the smallest number of variables for a given level of observations, and the largest log likelihood. It also does not reject the null hypothesis in the Hosmer and Lemeshow Test (p-value greater than 0.05). We see also that, although the number of independent variables decreases significantly across the models, there is no major reduction in either the Cox and Snell or Nagelkerke R square, which indicates that the variables dropped were statistically insignificant.

Starting with the push factors, the first significant result is for adverse demand conditions in the home market, proxied by the following question: "Was the low home market customer purchasing power a pressure for your company to go abroad?" The higher the score for this question the greater the pressure on the company. The model coefficient is positive and higher than zero (0.753), which means that as the pressure increases, so does the probability of investing in FYROM. The results in terms of sign and magnitude remain robust in all four specifications.

Adverse demand conditions in the home market are a disincentive for investment. However, based on the model, it could be argued that adverse demand conditions in the home market do not prevent Greek investors from investing abroad; they simply influence the direction of the FDI. In this case, we find that the worse the demand conditions in Greece for the company, the greater the probability of investment in FYROM. This might be explained by the country characteristics; FYROM is a smaller and less competitive market than Bulgaria. A smaller sized and less intensely competitive environment induces confidence that investors will be more successful in terms of firm survival and development of the parent company.

The issue of geographical proximity was captured by the following question**:** "Was the ability to physically visit the company on a frequent basis important for you?" The coefficient is positive and higher than zero (0.467) which means that the greater the interest in being physically able to visit the company, the higher the probability of investing in FYROM. The results in terms of sign and magnitude remain robust in all four specifications.

Based on the responses to a follow-up question, investors stated that the main reason for wanting to be able to visit the company, perhaps daily, was maintaining control since investors in FYROM were generally less experienced in internationalisation as shown in Table 15.

Table 15: Parent Company Foreign Affiliate Presence in Regions

Parent Company Foreign Affiliate Presence in:			Host Market Company Location		χ2 test, df, N, p values
			Investors in Bulgaria %	Investors in F.Y.R.O.M %	
Other Countries (besides Bulgaria & F.Y.R.O.M)		*YES*	66.7	55.3	χ2 (1, N=125) =1.479 p =.224
		NO	33.3	44.7	
Company Presence in Countries:	South East European (besides Bulgaria & F.Y.R.O.M)	*YES*	35.2	43.6	χ2 (1, N=130) =.825 p =.364
		NO	64.8	56.4	
	Central East European*	*YES*	51.7	23.7	χ2 (1, N=125) =8.475 p =.004
		NO	48.3	76.3	
	European Union*	*YES*	39.1	18.4	χ2 (1, N=125) =5.121 p =.024
		NO	60.9	81.6	
	Underdeveloped (except S.E.E & C.E.E)	*YES*	35.6	18.4	χ2 (1, N=125) =3.703 p =.054
		NO	64.4	81.6	
	Other Developed (except E.U) *	*YES*	18.4	2.6	χ2 (1, N=125) 5.590 p =.018
		NO	81.6	97.4	
	Note: * declares that the null hypothesis of the chi-square test of no differences was rejected				

Source: Author's Survey Results (based on 130 companies)

Table 15 presents the results based on the responses to the question: "Did you have foreign affiliates in other countries besides Bulgaria and FYROM?. If yes, in which of the listed regions?" We see that there is a 10% difference between Greek investors in Bulgaria and Greek investors in FYROM; however, this difference is not statistically significant. There are differences for CEE, EU and other developed regions, with Greek investors in Bulgaria evidently having greater experience of internationalisation.

It could be argued that the lack of experience, forces investors to choose FYROM, which is a smaller country and suggests that the FDI will be more easily managed. This is confirmed by significantly lower level of internationalisation recorded by Greek investors in FYROM compared to Greek Investors in Bulgaria (Table 15) especially in respect to more developed markets such as EU.

To measure linkages (Table 14), we used the responses to the following question: "Did the presence of other Greek companies in the host market influence your decision to invest?" The coefficient is negative (-0.642) which means that those investors who considered this a major incentive tend to invest in Bulgaria. Moreover, we see that the sign and magnitude of the results remain robust in all four specifications. The results suggest that the presence of other Greek companies in the market creates a more secure and friendly business environment for the new investor and acts as a pull factor. Alternatively, there might be a follow-the-leader effect in play whereby if a competitor invests in the foreign country other firms will follow (Knickerbocker, 1973). However, if the Greek companies are competitors, we might expect this to act as a disincentive for investment.

Thus, to examine further the nature of linkages, the questionnaire asked: "Is the competition you face in the host market mainly from Greek companies?" In the case of Bulgaria, among firms facing competition in the host market (103 out of 130 of the observations, the remaining 27 firms in the sample did not face competition in the host market), 41.3% answered yes.[68] Another question asked whether the presence of Greek public/private companies in the host market was a motive for investment; almost 60% of Greek companies in Bulgaria perceived this to be an incentive.[69] This suggests that both the proposed explanations are valid. In the case of FYROM, we know from the responses to the above question that the aim was to find a less competitive environment and so the presence of Greek companies could discourage them.

[68] See Appendix 11: Foreign Affiliate Company, Competitors in the Host Market (p.315)

[69] See Appendix 12: Foreign Affiliate Company, Presence of Greek Public/Private Companies (p.315)

Note that although linkages in this context seem similar to linkages in LLL theory, there are some differences. Linkages in LLL refer to mergers, in a global context, to acquire firm-specific ownership advantages. In our context, we have mainly greenfield investments (Figure 28), and linkages refer to the nature of the competition; on the one hand, they are established by firms keen to mimic competitors, and on the other they refer to firms unwilling to invest because of the extent of the competition. Another difference is that there is no indication that firms invest in these countries to acquire synergies as predicted by the LLL, but are more focused on a friendly and familiar environment.

In terms of institutional specificities, we asked whether the level of EU integration influenced the choice of host country. The coefficient is negative (-0.574) which means that as the variable increases so does the probability of investing in Bulgaria. The sign and magnitude are robust in all four specifications, suggesting that EU membership significantly influences the choice to invest in Bulgaria.

In relation to the control variables, only North/South distinction is important; this proxies for location of the host company's headquarters and takes the value 1 if the headquarters are in Thessaloniki (North based investors) and 0 if in Athens (South based investors). The coefficient is positive, meaning that companies with headquarters in Thessaloniki tend to favour FYROM. A possible explanation for this is that investors from Thessaloniki (nearer the host markets, but a peripheral economy compared to Athens which is the capital city of Greece and is more developed) are less internationalised and, thus, invest in smaller and less developed economies. This is supported by the fact that among North based firms only 32% invest in Central East European (CEE) markets, and only 16% of North based investors also invest in EU

markets.[70] We should note that across all models, push and pull factors explain whether the company prefers to invest in Bulgaria or in FYROM.

4.3 Conclusions

This chapter examined the paradox observed in the Greek FDI behaviour; Greece lacks inward (IFDI), but is a strong investor via OFDI in SEE countries. We focused on investments in Bulgaria and FYROM, countries with high levels of Greek OFDI activity.

Drawing on the western based (OLI) and emerging economy (LLL, COA) literature, we tried to explain this paradox in the context of Greek firms' lack of ownership advantages, which are a key pillar of these theories. From an OLI perspective ownership advantages originate in the home country; from an LLL perspective, they originate de facto in the CSA of the host economy; and in the COA framework they originate in the interactions between specific home and host country factors. Based on all three theories, it could be expected that negative home market conditions would impede FDI. To deal with the shortcomings of these theories in the case of Greek OFDI, we proposed an interpretive framework that distinguishes between home market and host market FDI determinants. In particular, we propose that FDI can be determined by four main groups of factors in the home market, which push the company to invest in another country in order to survive. These are adverse demand conditions, increased domestic production costs, adverse institutional environment, and increased competition. We proposed a second group of factors related to the host market, which pull the company to invest. We distinguished eight categories:

[70] See Appendix 13: North (Thessaloniki) South (Athens) Based Greek Outward Investors and Their Internationalisation (p. 315).

geographical proximity, financial incentives provided by the host market, financial incentives provided by the home market and regional institutions, linkages, positive demand conditions, lack of competitive pressure, asset acquisition and institutional specificities.

Using a unique database of 130 Greek OFDI companies in Bulgaria and FYROM, we tested the theoretical model and found that push and pull factors can explain the behaviour of Greek OFDI enterprises in the area. However, the majority of these factors are not the standard determinants of FDI predicted by OLI, LLL or COA theory. Instead, we show that explaining the direction of Greek FDI requires a different perspective to explain the phenomenon of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions). In other words, Greek OFDI is not an expression of superior ownership advantages, but allows these companies to survive through internationalisation towards neighbouring markets. We found adverse demand conditions to be a significant push factor, and geographical proximity, linkages and institutional specificities to be significant pull factors. Greek investors are not pulled to invest abroad by low costs as might be expected, but rather by shrinking local markets for their products and services. They are also not attracted by lucrative financial opportunities or a desire to acquire assets. Instead, they are pulled by proximity, by close links with Greek partners that have moved abroad, and by the expectation of better conditions in the case of Bulgaria's EU membership. Ultimately, none of these factors, on their own, is a mechanism to enhance ownership advantages of Greek outward FDI as predicted by OLI, LLL and COA. This is because none of these theories recognizes the phenomenon of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions) which seems to best describe Greek outward investor activity.

Finally, our model suggests that headquarters location is an important determinant of host country choice. This is interesting because the difference in the distances between Thessaloniki and FYROM's capital city Skopje (approximately 235km) and Thessaloniki and Sofia, Bulgaria's capital city (approximately 300km) is small. Although the transport infrastructures of both countries are at a similar level[71], an assessment of road quality [72] shows that FYROM scores slightly higher than Bulgaria. Thus, in addition to low levels of internationalisation and competition, this might be another reason why North investors prefer FYROM over Bulgaria.

So according to our suggestion, a more comprehensive conceptual approach is to operate a framework that includes push and pull factors capable of explaining country OFDI in this case, which encapsulate differences and disparities in FDI factors. So for Greek investors in FYROM, push factors are stronger and can be classified as "escape FDI" while for Greek investors in Bulgaria pull factors are stronger and can be classified as "expansionary FDI".

[71] Please, see appendix 14 (figure A) Assessment of Quality of Transport Infrastructure & Quality of Roads in Bulgaria & FYROM (p.316)

[72] Please, see appendix 14 (figure B) Assessment of Quality of Transport Infrastructure & Quality of Roads in Bulgaria & FYROM (p.316)

Chapter 5: Greek OFDI Examined at Industry Level

5.1 Introduction

Dunning's OLI framework was originally developed for the manufacturing industry. It was based on empirical data from US direct investments in British manufacturing (Dunning 1979; 1980; 1988; 2000; 2001). It has become accepted as a general framework for understanding the process of FDI in international business, irrespective of the industry. However, literature shows that its application to the service (Resmini, 2000, p.683) and construction industries is less frequent. Despite the rise in services FDI, there is much less research on FDI using the OLI framework (Cole, Lee et al., 2007). We use data on Greek OFDI in four industries (manufacturing, construction, services and trade) to explore differences in the determinants of Greek OFDI in these industries in the same region, in our case South East Europe (SEE) and particularly Bulgaria and FYROM. We explore the robustness of Dunning's OLI framework in these four industries. In other words, we test whether the OLI is equally robust for explaining the behaviour of Greek outward investors in different industries.

Dunning (1988) notes that industry specific factors need to be incorporated in the OLI framework. However, few empirical papers systematically discuss these industry differences in relation to the OLI framework. To our knowledge, there are no OLI framed comparative analyses among different industries in the same region. This may be due to the lack of consistent industry and sectoral level data on FDI (Resmini, 2000) or difficulties related to defining, classifying, measuring, comparing and explaining services MNEs (Boddewyn, Halbrich et al., 1986).

Some authors criticize OLI for its bias towards manufacturing firms and poor predictive validity for explaining the behaviour of FDI in services (Katrishen and

Scordis, 1998; Capar and Kotabe, 2003; Cole, Lee et al., 2007). There is a main difference in the tradability between the services and the manufacturing industries, which could affect each of three OLI components in different ways. A point of departure for our analysis is that Dunning's OLI framework does not differentiate factors across different industries.

For example, Cole, Lee et al., (2007) test the OLI in the US reinsurance market, and identify industry specific factors that are not included in the traditional OLI framework. They argue that the traditional OLI framework is not as comprehensive in the cases of the services industry. Some of its traditional factors are shown to be significant (e.g. host market size, etc.), but there are important industry specific factors such as leverage or reinsurers liquidity in the host market, which have a significant impact on FDI decision, which are not part of OLI heuristics.

Similarly, a study by Capar and Kotabe, (2003) on German service firms provides empirical evidence that the factors determining the relationships between internationalisation (international diversification) and performance are not the same for services and manufacturing firms. In particular, there is no direct relationship between firm size and performance for service firms, which contrasts with manufacturing firms. Firm size is often used to proxy for ownership advantages but does not seem relevant for services.

Differences between manufacturing and services are discussed by O'Farrell, Wood et al., (1998) who argue that the eclectic paradigm does not provide a satisfactory explanation for the development of foreign markets by services firms. Thus, any framework that discusses internationalisation should take account of the differences between industries.

If OLI is less relevant for services might it still be useful as general framework for understanding FDI in international business, or do we need a more differentiated OLI framework with lower generality and more relevance? In being very general, the OLI framework risks irrelevance since it can encompass almost every FDI process. We agree with Narula (2010) who argues that the OLI has become tautological and risks loss of explanatory power. One of our aims is to *explore the extent to which the OLI can be generalized across different economic activities, i.e. four industries*.

However, our attempts to "translate" or "convert" generic OLI categories and subcategories into the specific international business context of Greek OFDI, showed that this is not a trivial task; some OLI categories are easily convertible into or operationalised as variables. However, other categories need expansion beyond their original narrow understanding. Finally, in a few cases, we were forced to introduce new sub-categories which go beyond Dunning's list of OLI sub-categories.

This chapter starts from this very broad and extended (amended) list of determinants of FDI and explores which of these factors can explain Greek OFDI. The need to start from a very broad and extended (amended) list of determinants of FDI stems from an important feature of Greek OFDI which is "forced internationalisation" (i.e. OFDI affected also by negative home market conditions). Based on this extended and amended list of OLI factors we aim to make two contributions. First, we identify which OLI factors are generic or country (Greek) specific, and which are specific to only one or several industries. In this way, we aim to assess the robustness of OLI to capture the determinants of FDI in different industries. Second, we test econometrically for the determinants of FDI in different industries. We find that variables that explain industry differences are better interpreted within the "push and pull" rather than the OLI framework. This alternative framework stems from the

"forced internationalisation'" feature (i.e. OFDI affected also by negative home market conditions) of Greek OFDI which differs from the traditional OLI framework. Namely, Greek OFDI is not only an expression of ownership advantages and, thus, is not only "pulled" abroad by market opportunities but also "pushed" abroad by stronger competitive pressure at home. In this respect such investments are different from EM MNCs (from China, India etc.) investments, which although having no strong ownership advantages are still pulled by opportunities to compensate for lack of ownership advantages by going abroad. In chapter 3 we discussed conceptually push and pull factors; here we explore inter-industry differences and similarities in these factors.

This chapter is structured as follows; Section 5.2 explains how we operationalise the traditional OLI framework and its subcategories, and its extension through the addition of new variables. Section 5.3 provides an overview of the characteristics of the industries in our sample and section 5.4-5.7 explores how these vary across the four industries. Section 5.8 econometrically tests our revised framework and its explanatory power for explaining OFDI across different industries. Section 5.9 concludes.

5.2 Revising the OLI Framework

The original OLI framework has been continuously revised and updated over 50 years. In an attempt to present OLI as the general heuristics of FDI, Dunning (1988) created a list of variables that could be used to proxy for major OLI elements. To counter some of the problems related to this original list of variables, we use the more elaborate list proposed by Dunning and Lundan (2008, pp.101-102). We discuss each of these elements in turn.

The major ownership advantage categories (Table 16) are: 1) property rights and/or intangible asset advantages (ownership asset advantages, Oa), 2i & 2ii) advantages of common governance (ownership transactional advantages, Ot), and 3) institutional assets (institutional advantages, Oi).

5.2.1 Ownership Advantages

We start our analysis by illustrating the ownership advantages that Dunning proposed

Table 16: Ownership Specific Advantages Dunning's List

	Ownership-specific Advantages (O) of an Enterprise of one Nationality (or Affiliates of Same) over Those of Another (Dunnings Categories)
1	Property rights and/or intangible asset advantages (Oa)
A	The Resource (Asset) Structure of the Firm
B	Product innovations
C	Production Management
D	Organisational & Marketing Systems
E	Innovatory Capacity
F	Noncodifiable Knowledge
G	Accumulated Experience in Marketing, Finance, etc
H	Ability to Reduce Costs of Intra- and/or Inter-Firm Transactions (also influenced by Oi)
2 i	Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot)
A	Those that Branch Plants of Established Enterprises May Enjoy Over De Novo Firms
B	Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (eg, Economies of Scope & Specialisation)
C	Exclusive or Favoured Access to Inputs (eg, Labour, Natural Resources, Finance, Information)
D	Ability to Obtain Inputs on Favoured Terms (eg As a Result of Size or Monopsonistic Influence)
E	Ability of Parent Company to Conclude Productive & Cooperative Interfirm Relationships
F	Exclusive or Favoured Access to Product Markets
G	Access to Resources of Parent Company at Marginal Cost
H	Synergistic Economies (Not Only in Production, but in Purchasing, Marketing, Finance, etc Arrangements)
2 ii	Which specifically arise because of multinationality
A	Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs
B	More Favoured Access to and/or Better Knowledge About International Markets (eg for Information, Finance, Labour, etc)
C	Ability to Take Advantage of Geographic Differences in Factor Endowments, Government Regulation, Markets, etc
D	Ability to Diversify or Reduce Risks
E	Ability to Learn from Societal Differences in Organisational & Managerial Processes & Systems (Also Influenced by Oi)
3	(c) Institutional assets (Oi)
A	The Formal & Informal Institutions That Govern The Value-Added Processes Within the Firm, and Between the Firm and its Stakeholders
B	Codes of Conduct, Norms and Corporate Culture
C	Incentive Systems and Appraisal
D	Leadership and Management of Diversity

Source: (Dunning and Lundan, 2008, p.101)

Property rights and/or intangible asset advantages (Oa) encompass various firm intangible advantages, e.g. innovatory ownership advantage which enables the firm to innovate and generate product innovations, superior marketing or finance capabilities, or ability to reduce costs. Advantages of common governance (Ot transactional) refer to advantages that a firm might possess because of complementarities between the parent company and its subsidiaries and those advantages due to the firm's multinationality. Examples of advantages include exclusive access to resources, ability to obtain inputs on favourable terms, and similar advantages due to the firm size. Advantages due to the firm's multinationality are related to the firm's exposure to diverse cultures and environments which might have allowed it to develop a diverse knowledge base and ability to diversify effectively.

The third group of ownership advantages institutional assets (institutional advantages Oi) - is a broad category that includes a wide spectrum of resources ranging from corporate culture, to the company's leadership style, and code of conduct.

Based on Dunning's conceptualization, we attempted to operationalise these categories for the empirical analysis. However, we were forced also to expand them by proposing new variables and new sub-types of ownership advantages (categories). Each of these steps is described in this section.

Our operationalisation was driven by the need to undertake empirical research within the OLI conceptual framework. We address each of Dunning's three ownership specific advantages categories (1) property/ intangible advantages, (2i&2ii) governance advantages and (3) institutional advantages, which required their reframing within 23 new sub-categories (it includes 13 expanded variables and 8 new variables). Table 17.1 (3 parts) presents how we operationalised each of these

advantages. We added some new variables that cannot be considered "operationalisations" but rather "expansions".[73] We are aware that this distinction is somewhat unclear at this point, but it is based on the qualitatively different nature of the business environment of SEE which is explained later in this chapter.

It is important to mention that the original questionnaire that was used in our pilot study had more than 1,000 questions and data points, which covered most of the points in Dunning's list. After the pilot, we retained the most representative questions, which amounted to around 500 questions and data points, still a large number which required two or three hours of a company CEO's time. In the succeeding tables in this chapter we include the OLI operationalisations, expansions and new variables that best describe the Greek case. In order to focus only on the essential part of this research we retained only the variables verified by Pearson's Chi-Square, Mann–Whitney U test or Kruskal Wallis tests.

[73] See Table 17.1: (3 parts) Disaggregating (operationalizing and expanding) ownership advantages sub-categories, column expansion (pp.152-154)

Table 17.1: (1) [74]Disaggregating (Operationalising and Expanding) Ownership Advantages Sub- Categories Separated in Three Parts 17.1 (1), 17.1 (2), 17.1 (3)[75] :

Ownership Advantages			
1	(a)Property Rights and/or Intangible Asset Advantages (Oa)	Operationalisation of Traditional OLI Framework	Expansion
A	The Resource (Asset) Structure of the Firm:	*Capacity to Deal Effectively with Quality and Productivity Issues in the Foreign Affiliate *Capacity to Deal Effectively with Internal Company's Rearrangements & Employee Training in the Foreign Affiliate *Skilled Personnel in the Foreign Affiliate *Well-known Brand Name in: a) the Host Market (as an Investment Motivation) b) in Comparison with your Local & Foreign Competitors in Host Market	*Trade Credibility (vs. Local and vs. Foreign Competitors)
B	Product innovations:	*Company Products/Services Know-How in the Host Market (vs. Local and vs. Foreign Competitors) *Better Product/Service Quality in the Host Market (vs. Local and vs. Foreign Competitors) *Deal With Competition in the Greek Market via Product/Service Differentiation than Competitors *Research & Implementation of New Technologies In the Host Market (vs. Local and vs. Foreign Competitors)	
C	Production Management:	(vs. Local and vs. Foreign Competitors) *Capacity to Manage Effectively the Host Company *Product/Service Variety/Diversity in the Host Market	(vs. Local and vs. Foreign Competitors) *Adaptation Product/Service to Local Conditions
D	Organisational & Marketing Systems:	vs. Local and vs. Foreign Competitors in the Host Market) *Managerial Coordination *Overall Organizational Abilities	
E	Innovatory Capacity:	*Capacity to Use Specific Technology and Innovate in the Home Market	
F	Noncodifiable Knowledge:	*Capacity to Acquire Business Information in the Host Market	Competitive Intangible Advantages in the Host Market vs. Local and vs. Foreign Competitors: a) Market Knowledge b) Industry Knowledge c) Business Know-How d) Broad Product/Service Knowledge
G	Accumulated Experience in Marketing, Finance, etc.:	*Capacity to Develop Business Plans in the Host Market	*Product/Service Know-How in the Host Market (vs. Local and vs. Foreign Competitors)
H	Ability to Reduce Costs of Intra- and/or Inter-Firm Transactions (also influenced by Oi):		(vs. Local and vs. Foreign Competitors) *Low Operational Cost in the Host Market *Low Product/Service Price in the Host Market *Flexibility in Product/Service *Deal With Competition in the Home Market: a) Via Import & Trade of Intermediate/Final Products than Competitors b) Via Lower Cost Than Competitors

Source: Column 1 based on Dunning & Lundan (2008) , columns 2-3 author's operationalisations and expansions.

[74] Note: Operationalisation and expansion categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company.

[75] For further information on the push-pull framework and operationalisation of the OLI paradigm in Tables 17-24, see appendix 15, (pp. 317-325)

Table 17.1: (2) Disaggregating (Operationalising and Expanding) Ownership Advantages Sub-Categories

2 i	**Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot)**		
A	**Those that Branch Plants of Established Enterprises May Enjoy Over De Novo Firms**		
B	**Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (eg, Economies of Scope & Specialisation)**	**Mergers & Acquisitions of the Parent Company* ***Mergers or Buy-Outs in the Foreign Affiliate after Establishment**	
C	**Exclusive or Favoured Access to Inputs (eg, Labour, Natural Resources, Finance, Information)**		
D	**Ability to Obtain Inputs on Favoured Terms (eg As a Result of Size or Monopsonistic Influence)**		
E	**Ability of Parent Company to Conclude Productive & Cooperative Interfirm Relationships**		*Parent Financial Support For the Affiliate*
F	**Exclusive or Favoured Access to Product Markets**		
G	**Access to Resources of Parent Company at Marginal Cost**		
H	**Synergistic Economies (Not Only in Production, but in Purchasing, Marketing, Finance, etc Arrangements)**		
2ii	**Which Specifically Arise Because of Multinationality**		
A	**Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs**	**Company Presence (FDI) in:* *a) Other Countries (besides Bulgaria & FYROM)* *b) European Union* *c) Other Developed (except EU)* *d)South East Europe (besides Bulgaria & FYROM)* *e) Central East European* *f) Underdeveloped (except SEE & CEE)* **Parent Company (Export/Other Investment Activities) Prior To Any Initial Foreign Affiliate Establishment*	
B	**More Favoured Access to and/or Better Knowledge About International Markets (eg for Information, Finance, Labour, etc)**		
C	**Ability to Take Advantage of Geographic Differences in Factor Endowments, Government Regulation, Markets, etc**		*Proximity between Parent Company & the Foreign Affiliate (Important for Control purposes)*
D	**Ability to Diversify or Reduce Risks**	**Investment in Order to Establish Barriers of Entry for Future Competitors*	
E	**Ability to Learn from Societal Differences in Organisational & Managerial Processes & Systems (Also Influenced by Oi)**		

Source: Column 1 based on Dunning & Lundan (2008) , columns 2-3 author's operationalisations and expansions.

Table 17.1: (3) Disaggregating (Operationalising and Expanding) Ownership Advantages Sub-Categories

3	(c) Institutional Assets (Oi)		
A	The Formal & Informal Institutions That Govern The Value-Added Processes Within the Firm, and Between the Firm and its Stakeholders		
B	Codes of Conduct, Norms and Corporate Culture	*Capacity to Deal Effectively in the Host Market: a) Across Different Cultures b) With Untrustworthy Internal Business Partners c) With Untrustworthy External Business Partners	
C	Incentive Systems and Appraisal		
D	Leadership and Management of Diversity		

Source: Column 1 based on Dunning & Lundan (2008) , columns 2-3 author's operationalisations and expansions.

We start our discussion with Table 17.1 which covers "property rights and/or intangible assets". More specifically, we operationalise the resources structure of the firm, (Row 1A), by asking managers about their "capacity to deal effectively with the quality of their production, company internal reorganization and employee training in the foreign affiliate", employees' skills, and strength of the company's brand in the host market. We extended this by adding strength of company's trade credibility.

For product innovation, (Row 1B) we asked companies about their R&D activities abroad, the quality of their products, and their know-how with respect to competitors (foreign and local)[76] in the host market. To complement this, we asked about their product differentiation strategy and the extent to which they use it to compete in the

[76] In this survey, we include and combine variables examining the competitive advantages of Greek investors' vs. Local and Greek investors' vs. Foreign competitors in the host markets (Bulgaria and FYROM). See appendix 21, *Questions used to Identify Ownership Advantages.* (p.338, sections 5 and 6, Column Other Parameters).

home market. For the broader category of innovation capacity (Row 1E), we tried to understand the extent to which the company possessed the ability to use specific technology and innovate in the home market.

To capture the firm's production management advantage (Row 1C), we tried to examine how effectively the home market manages the host company with respect to competitors. To complement this, we also examined the extent to which the company's products are adapted to local market conditions, and if there is product/service variety/diversity in the host market. Similarly, organizational and marketing systems (Row 1D), were captured by asking managers whether their capabilities were better than those of their competitors in the host market.

To measure the more generic category of non-codified knowledge (Row 1F), we asked managers about their capacity to acquire business information while we expanded and specified the definition by arguing that what matters is the company's capacity to acquire broad market, product, industry and business know-how knowledge about the host market.

For the last two categories, we used the capacity to develop business plans to proxy for the company's accumulated experience and product/service know-how in the host market (Row 1G). The firm's ability to deal with cost reductions (Row 1H), is captured by the extent of low operational costs and low product/service prices in the host market. In addition, we examined the role of proximity between markets which could provide them with flexibility in production/services thus further cost advantages compared to local and/or foreign competitors in the host market. We also investigated how the company deals with competition in the home market by imports, trade in

intermediate or final products and/or lower costs than competitors in the home market.

The second group of ownership advantages that Dunning refers to, i.e. governance advantages are illustrated in Table 17.1. (part 2); we posed the following questions. The first two (Column 2i, Row B) referred to M&A by the parent company and affiliate, and the third referred to the extent of financial support from the parent company (Column 2i, Row E). We included the M&A question to find the advantages of company size. In the internalization part we examined this in more depth. The question about the extent of parent company financial support was aimed at understanding the extent to which the parent company supports the subsidiary. In the Greek example, many managers argued that there was very strong commitment to supporting the affiliate because of its importance for the parent company's survival.

To capture governance advantages that arise because of multinationality (see Table 17.1.(2) in column 2ii and onwards we use proxies that capture the company's presence in other countries (Column 2ii, Row A). For a more complete picture, we tried to understand FDI experience in different countries, including the EU, CEE, other developed and/or underdeveloped markets, and whether the firm had a presence (via exports for manufacturing/trade industries or other modalities e.g. turnkey projects for services/construction industries) prior to the decision to their FDI investment. We considered the firm's ability to create barriers to entry (Column 2ii, Row D) in order to diversify or reduce risks and increase its market power to become an important firm asset.

Finally, for institutional advantages (Oi), as shown in Table 17.1 (3), among the main categories operationalised are Codes of Conduct, Norms and Corporate Culture

(Column 3, Row B), where we test the host market firm's capacity to deal effectively with potentially untrustworthy business partners, and its capacity to operate in different cultures.

Apart from operationalizing and extending Dunning's property/ intangible advantages, governance advantages and institutional advantages categories, we included new categories, listed in Table 18.

Table 18: New Ownership Advantage Categories

	Ownership Advantages (New)
1	Market Knowledge (Om) :
	Capacity to Deal Effectively with:
A	Lack of Business know-How in the Host Market
B	Market Knowledge Difficulties in the Host Market
C	Difficulties in Gathering Business Information
2	Management Competence :
A	Management Implementation in the Foreign Affiliate (vs. Local and vs. Foreign Competitors)
3	Long Term Business Relationships :
A	Long-Run Business Contracts (vs. Local and vs. Foreign Competitors)
4	Links with Home Market Suppliers (Ohl) :
A	Company Cooperating Mostly With Other Greek Companies Operating in The Host Market
B	Company Cooperating Mostly With Other Greek Companies Operating in S.E.E
C	Company Cooperating With Other Greek Companies Operating in the Host Market

Source: Author's conceptualization

The first major additional category is market knowledge. We consider this to be an important element of the ownership advantages of Greek outward investors who are "forced internationalisers" to a certain extent. While the traditional view of ownership advantages is largely confined to supply side factors we consider knowledge of local markets especially in the case of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions), an important new sub-category of (Oa) ownership advantages.

The second category is management competence and specifically management implementation in the foreign affiliate. As already mentioned, problems related to poor institutional development, and political and economic instability, are perceived as obstacles to FDI companies in SEE (Estrin and Uvalic, 2014). However, Henisz (2003) notes that the ability to manage institutional idiosyncrasies is as important as innovation. Thus, we examine whether Greek investors possess these kinds of competences.

The third category examines the role of business relationships with the host market and more specifically the contracts between firms and markets compared to competitors (local & foreign).

We add links (linkages) (Ohl) with home market suppliers as an important new sub-category of ownership advantages, which is overlooked in the OLI. Links with home country suppliers are not simple synergies and, thus, are not included in governance advantages (common governance Ot). In the context of Greek OFDI they are strong factors of ownership advantage and governance advantages. Greek investors forge links because individually they may not have ownership advantages, but collectively they do.

5.2.2 Locational Advantages

In relation to locational advantages, Table 19 lists Dunning's locational advantages**:**

Table 19: Locational Advantages Dunning's List

	Locational Advantages (OLI-Dunning Categories) These May Favour Home or Host Countries
1	Cost Related
A	Input Prices, Quality & Productivity (e.g. Labour, Energy, Materials, Components, Semifinished Goods)
B	International Transport & Communication Costs
C	Spatial Distribution of Natural & Created Resource Endowments & Markets
D	Economies of Agglomeration & Spillovers
E	Artificial Barriers (e.g. Import Controls) to Trade in Goods & Services
F	Infrastructure Provisions (Educational, Transport & Communication)
2	Institutional Related
A	Cross-Country Ideological, Language, Cultural, Business, Political Differences
B	Legal & Regulatory System (e.g., Protection of Propriety Rights, Credible Enforcement)
C	Investment Incentives & Disincentives (Including Performance Requirements,etc.)
D	Economic System & Strategies of Government (The institutional framework for Resource Allocation)

Sources: (Dunning and Lundan, 2008 p.101-102)

These advantages refer mainly to the benefits the company obtains from investing in a particular country, and arise because of the host country's unique circumstances. We classified Dunning's advantages into two categories of locational advantages: cost related, and institutional. Cost related advantages include variables that capture cost differences between the host and home markets, internal or external to the firm. These include various cost proxies such as input prices, transport costs, and external factors such as agglomeration economies, spillovers and artificial barriers. The country's natural resources and infrastructure might also give rise to various advantages for the investing company.

The second category of factors is related to institutional differences between the two locations that might generate advantages. These include ideological, cultural and

business issues, but also various financial and government incentives that might give the foreign investor an advantage. Lastly, the overall economic, legal/regulatory system and the broader government framework are considered within locational advantages.

The variables we used to operationalise locational advantages and how we expanded them are presented in Table 20.1, 20.2 as cost related and institutional advantages.

Table 20.1 Disaggregating (Operationalising and Expanding): Locational Advantages Sub-Categories, Separated in Two Parts: 20. (1), 20. (2)

Locational Advantages			
1	Cost Related	Operationalisation of Traditional OLI Framework	Expansion
A	**Input Prices, Quality & Productivity** (e.g. Labour, Energy, Materials, Components, Semifinished Goods)	*Low Cost of Labour Force *Low Cost of Other Factors of Production/Services	
B	**International Transport & Communication Costs**	*Capacity to Deal Effectively with Transport Costs	*Prompt Raw Material Supply & Services Provision from the Parent Company
C	**Spatial Distribution of Natural & Created Resource Endowments and Markets**	*Export (or orher modalities) Opportunity in Neighbourhood Markets	
D	**Economies of Agglomeration & Spillovers**	*Local Company Cooperation Offered *Foreign Company Cooperation Offered	
E	**Artificial Barriers to Trade in Goods & Services** (e.g Import Controls)	*Capacity to Deal Effectively with High Tariff Costs	
F	**Infrastructure Provisions** (Educational, Transport & Communication)	*Capacity to Deal Effectively with : *Poor Infrastructure *Obsolete Technology	*Capacity to Deal Effectively with Difficulty In Finding Local Managers

Source: Column 1 based on Dunning & Lundan (2008) , columns 2-3 author's operationalisations and expansions.

Table 20.2: Disaggregating (Operationalising and Expanding): Locational Advantages (Institutional Related)

2	Institutional Related	Operationalisation of Traditional OLI Framework	Expansion
A	Cross-Country Ideological, Language, Cultural, Business, Political Differences	*Similarities in Mentality & Culture with Home Market *Investments Due to Geopolitical History (e.g Historical Links in the Area) *Deal Effectively with Issues such as Nationality	*Host Market Knowledge *Business Know-How in the Host Country *Capacity to Deal Effectively with Difficulties In Acquiring Market Knowledge (in the Host Market)
B	Legal & Regulatory System (e.g., Protection of Propriety Rights, Credible Enforcement)	*Tax Incentives Capacity to Deal Effectively With : *Frequent Changes in Investment Legislation *Bureaucracy *Labour Legislation *Obstacles from Trade Unions/Strikes *Layoff Regulations *High Taxation *Inability of Full Ownership (in the Host Market)	
C	Investment Incentives & Disincentives (Including Performance Requirements,etc.)	*Gaining Market Share *Large Customer Base *Market Growth *Asset Acquisition Investment (e.g. Machinery, Land) *EU/Greek Government Financial Support Measures *Greek Government/Private Industry Loan Support *Specific Company Incentives (Offered by the Host Government) *Risk Reduction Investment in Different Countries *Favourable Trade Agreements (Bilateral or Multilateral) *Company Participation in Host Country Privatization Plan *Entry in Host Market Technology or Local Company Technology *Lack of Production Factors in Greece *Raw Material Access & Security Control Worldwide *Lack of Business Partner, Licensee, Franchisee *New Products/Services for the Parent Company *New Products/Services for the Greek Market Capacity to Deal Effectively with : *Macroeconomic Instability *Local Currency Instability *Poor Availability of Export Credit Lines *Political Instability *Poor Banking System -Financial *Do not Face Issues with Grey Market *Do not Face Issues with Crime	*Political Contacts In the Host Market (vs. Local and vs. Foreign Competitors) *Excellent Business Contacts in the Host Country (vs. Local and vs. Foreign Competitors) *Proximity between Parent Company & the Foreign Affiliate (Important for Control purposes) *South East European Regional Business Agreement *Comparatively Higher Entrepreneurial Opportunities (in Host Market vs Home) *Higher Host Investment Profit Compared to the Home One *Low Competition in the Host Market *Presence of Competitors in the Host Market or/and S.E.E *Old Technology/Machinery Transfer in Countries with Low Scale Production *Capacity to Deal Effectively with: * Difficulties Due to Slow Transitional Process (of Bulgaria & FYROM in Comparison with Other C.E.E Countries) *Comparatively High Investment Risk (In Bulgaria & FYROM with Other SEE Countries) *Insecure Business Environment (Host Market vs. Home Market) *Lack of Political will to Assist FDI * Poor Customer Payments *Low Customer Purchasing Power in the Host Market *Do not Face Issues with Corruption of High Level Administration *Do not Face Issues with Corruption of Low Level Administration
D	Economic System & Strategies of Government		*Regional Integration via Host Country participation in EU

Source: Column 1 based on Dunning & Lundan (2008) , columns 2-3 author's operationalisations and expansions.

Starting with the variables in Table 20.1 in order to operationalise input prices, quality and productivity (Row 1A), we asked questions about the costs of labour and other production factors.

To understand the role of transport and communication costs (Row 1B), we asked companies about their transport costs. We expanded this category with questions related to the mobility of factors of production/services between parent and foreign

affiliate. The location advantage for a company is greater if it is easier to transfer services and raw materials from parent to subsidiary.

Another important factor is the spatial distribution of natural and created resource endowments and markets (Row 1C). To operationalise this we looked at the opportunity to export for manufacturing and trade companies or at other investment activities for service and construction companies in neighbouring markets.

For economies of agglomeration and spillovers (Row 1D) we included questions about the extent to which other foreign and local companies cooperated with the subsidiary in the host market; the closer the cooperation the greater the advantages the company enjoys. This factor is not included in governance advantages since cooperating partners do not have previous business links with the investing company. Hence, these are location specific factors. In relation to artificial barriers (Row 1E), we asked companies about the extent of their capacity to deal effectively with trade obstacles such as high tariff costs.

For infrastructure provision (Row 1F), we asked about the quality of the overall infrastructure (roads, etc.) and about the host market technology infrastructure e.g. obsolete telecommunication system, etc., which might negatively affect the everyday operations of firms. In terms of education infrastructure we asked about the difficulties related to finding local managers.

For the institutional advantages of location presented in Table 20.2 we used various proxies to measure the cultural, political, business and other country differences (Row 2A). For example, we asked about the similarities in the mentality and culture of the host market with respect to the home market, if the effects of presence or absence of geopolitical/historical links with the host country were noticeable, and if generally

there are problems related to Greece as a result of name disputes or historical conflicts in the area. We assume that a similar culture, on its own, is not sufficient to generate location advantages, which is why we expanded this indicator by asking how easy it was to rely on cultural proximity in order to acquire knowledge about the host market. We include in this category host market knowledge, business know-how in the host country and capacity to deal effectively with difficulties in acquiring market knowledge (in the host market).

To capture (dis)advantages of different legal and regulatory system (Row 2B), we asked about the frequency of changes to the legal system, about the delays of the bureaucracy and the rigidity of the labour market. The more rigid the labour market, the less the locational advantage of the host country. In addition, other elements of the regulatory system, such as taxes, and property rights were proxied in order to operationalise these location advantages. Property rights are country specific and, thus, are location specific advantages and can influence the choice between one country and another.

For the category of investment incentives and disincentives (Row 2C) we used a wide range of indicators. In addition to formal incentives, we expanded the framework with the addition of several informal institutional factors that *de facto* operate as investment (dis)incentives. To operationalise Dunning's category of investment (dis)incentives, we use gaining market share in the host market, large customer base and potential for market growth. We looked at asset acquisition investment (e.g. machinery, land) and variables for financial support measures (or/and trade agreements) provided by the home or host government and other non-government institutions. We used risk investment factor as incentives for diversification via FDI. We also checked FDI incentives such as entry in host technology, lack of production

factors in Greece, raw material access & security, lack of business partner and investments in order to create new products/services for the parent company & the Greek market. We also examined capacity to deal with disincentives such as the country's macroeconomic, currency and political instability, crime, grey market, export credit lines and banking system quality.

To expand this, we included some less conventional location specific advantages (Row 2C, column Expansion). For example, capacity to deal with issues such as insecure business environment (host market vs. home market), comparatively high investment risk (in Bulgaria and FYROM and other SEE countries), risk of poor customer payments and low customer purchasing power in the host market, corruption in low and high levels of administration, political will to assist with FDI and difficulties due to host markets slow transitional process.

We also asked managers whether their investment decision was influenced by political or/and business contacts in the host market favourable SEE regional business agreements or/and by low levels of competition in the host market or the presence of their competitors in these markets was an incentive for them. Moreover, we have examined the role of higher entrepreneurial opportunities and host investment profit compared to the home one under the context of "forced internationalisation". Wherever was appropriate we asked them if the old technology/machinery transfer in countries with low scale production was an incentive for them.

Also, we expanded this category by looking at the proximity between the parent company and the affiliate. Last we expanded the economic system and government strategies categories (Row 2D), by including a proxy of Regional integration via country's position in relation to EU membership. All these are the unconventional incentives which we took into consideration.

The context of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions), has led to the introduction of several new variables for location advantages (see Table 21).

Table 21: New Location Advantages Sub-Categories

	Location Advantages (New)
1	**Negative Home Market Pressures (As a Location Advantage/Motivation)**
A	Compensatory Investment Due to Increase of Home Market Industry Competition
B	Compensatory Investment for the Company's Home Market Share Reduction
2	**Linkages With Home Market Firms**
A	Following Customers/Clients to the Host Market
B	Presence of Other Greek Public/Private Companies in the Host Market

Source: Author's conceptualization

The most important addition to the location advantage categories is not from the perspective of host market locational advantages but from a home market perspective. More specifically, we examine home market pressures**,** which try to capture the significance of industry competition and market share reduction in the home market pushing the company to invest abroad. This home market locational disadvantage pushes the firm to invest in another country with lower levels of pressures, which can be seen indirectly as a location specific advantage.

Another new location specific factor is the potential to create linkages with other Greek companies in the host market. A host country with a large presence of Greek companies can be perceived as providing a location advantage due to potential spillovers among Greek investors. A closely related location advantage is if investors go abroad in order to follow their clients, as in the case of satellite and lead investors analysed in Chapter 6.

5.2.3 Internalization Advantages

The last group of advantages are internalization advantages. In general, these refer to why firms enter a foreign market by establishing their own company rather than merging with an existing firm, or by exporting or use some other mode of entry (subcontracting, franchising, etc.).

Table 22: Internalization Advantages, Dunning's List

1	Internalization Advantages (I) Dunnings Categories
A	To Avoid Search & Negotiating Costs
B	To Avoid Costs of Moral Hazard & Adverse Selection and to Protect The Reputation of the Internalising Firm
C	To Avoid Cost of Broken Contracts & Ensuing Litigation
D	Buyer Uncertainty About Nature & Value of Inputs (e.g. of Technology Being Sold)
E	When Market Does Not Permit Price Discrimination
F	Need of Seller to Protect Quality of Intermediate or Final Products
G	To Capture Economies of Interdependent Activities (Influenced by Ot)
H	To Compensate For The Absence of Future Markets
K	To Avoid or Exploit Government Intervention (Quotas, Tariffs, Price Controls, Tax Differences, etc.)
L	To Control Supplies & Conditions of Sale of Inputs (Including Technology)
M	To Control Market Outlets (Including Those Which Might be Used by Competitors)
N	To be Able to Engage in Practices, Such as Cross-Subsidisation, Predatory Pricing, Leads & Lags, and Transfer Pricing as a Competitive (or Anticompetitive) Strategy.

Source: (Dunning and Lundan, 2008, p.102)

Internalization advantages are much less differentiated and include 12 stand-alone categories (Table 22). These include reduced transaction costs (negotiation, moral hazard, litigation and uncertainty), better control over technological knowledge, and better control of market outlets, among others.

We operationalised the four internalization variables and added one new category to augment Dunning's internalization advantages list, which refers to a pattern specific to the Greek context based on our pilot study (Table 23 [77] and Table 24).

[77] In contrast to the previous cases, there are some overlaps among the various variables, i.e. the same variables can be used to proxy for several different categories.

Table 23: Disaggregating (Operationalising): Internalization Advantages

1	Internalization Advantages (I)	Operationalisation of Traditional OLI Framework	Expansion
A	To Avoid Search & Negotiating Costs	Company's Mode of Entry in the Host Market: (Acquisition Wholly-Majority, Joint Venture Local-Foreign, Greenfield) Previous Relationship with the Host Country: (Imports-Exports)	
B	To Avoid Costs of Moral Hazard & Adverse Selection And To Protect The Reputation Of The Internalising Firm	Why FDI and Not Any Other Indirect Investment: (Investment Security, Control & Quality, Direct Customer Contact, Opportunism Avoidance, Lack of Skilled Companies/Personnel, Other *(Bounded Rationality Avoidance, Avoid Loss of Internal Business Information, Avoid Use of Company Internal Technology with Others, Communication Misunderstandings, Lack of Bilateral Agreements to Avoid Double Taxation, Lack of Export Credit Lines, Industry Feature (If No Direct Investment, No Investment At All),*	
C	To Avoid Cost of Broken Contracts & Ensuing Litigation		
D	Buyer Uncertainty About Nature & Value of Inputs (e.g., of Technology Being Sold)		
E	When Market Does Not Permit Price Discrimination		
F	Need of Seller to Protect Quality of Intermediate or Final Products		
G	To Capture Economies of Interdependent Activities (Influenced by Ot)		
H	To Compensate For The Absence of Future Markets		
K	To Avoid or Exploit Government Intervention (Quotas, Tariffs, Price Controls, Tax Differences, etc.)		
L	To Control Supplies & Conditions of Sale of Inputs (Including Technology)	Foreign Affiliate Merging Type with the Parent Company: (Vertical Forward, Vertical Backward, Horizontal, Diversified)	
M	To Control Market Outlets (Including Those Which Might be Used by Competitors)		
N	To be Able to Engage in Practices, Such as Cross-Subsidisation, Predatory Pricing, Leads & Lags, and Transfer Pricing as a Competitive (or Anticompetitive) Strategy.		

Source: Column 1 based on Dunning & Lundan (2008) , columns 2-3 author's operationalisations and expansions.

More analytically, to capture internalization advantages, Dunning and Lundan (2008) propose a list of 12 categories, three of which we operationalised. The first deals with negotiating and searching costs**,** where firms internalize in order to avoid them. To capture this, we looked at the company's mode of entry to the host market (wholly-majority acquisition, local-foreign joint venture, greenfield). In addition, we examined the advantages arising from firms that had some previous trade relationships with the host country. Previous investment links with the host market prior to the current FDI allow them to avoid search and negotiating costs due to their potentially better understanding of the market.

The second source of internalization advantages is related to the potential to avoid moral hazard and adverse selection, and the ability to protect the reputation of the internalizing firm. To capture this, we asked questions aimed at identifying why the firm engaged in FDI rather than some other indirect investment. Possible responses were related to investment security, control and quality, direct customer contact, avoidance of opportunism, and lack of skilled personnel. For example, it could be argued that lack of skilled personnel can affect the firm's reputation and, thus, might be an incentive for the firm to internalize rather than cooperate with a local firm. Also, we argue that some firms might prefer to have direct customer contact in order to maintain their brand and improve their marketing. For this reason, they might prefer to invest directly in the host market rather than simply to trade or use other investment modalities e.g. subcontracting.

We investigated other motives, such as avoiding bounded rationality, avoiding loss of internal business information, avoiding use of company internal technology with others, avoiding poor communication and misunderstandings, lack of bilateral

agreements to avoid double taxation, lack of export credit lines. In our pilot study we found that these factors were not important; for this reason, we incorpoorated them into the category "Other".

Lastly, another source of internalization advantages is the firm's incentive to control supplies and conditions of sale for inputs (including technology). To capture this, we investigated how the foreign affiliate merged with the parent company (vertical forward, vertical backward, horizontal, diversified), since each different type of merger yields different types of advantages.

We added a new internalization advantage (revealed by the pilot study) which refers to a pattern specific to Greek enterprises. They embody a new form of FDI internalization advantage which is establishment of a foreign affiliate in the host market with no financial or legal links with the parent company. They do this in order to protect both companies - in the home and host markets - in case of adverse home or host market conditions. This is likely a characteristic of the new pattern of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions).

Table 24: New Internalization Advantages Sub-Categories

	Internalization Advantages (New)		
1	Financial and Legal Links Between Parent and Foreign Affiliate		
A	Protective Relationship Between Parent Company & Foreign Affiliate	FDI Autonomous Relationship Which Protects Both the Parent Company and the Foreign Affiliate	

Source: Author's conceptualization

5.2.4 Conclusion

The research required us to operationalise and expand Dunning's OLI categories, which are highly generic and abstract, and are strength but also weaknesses of the OLI framework. On the positive side, this enabled us to generate a large number of variables to proxy for OLI factors. However, the features of Greek "forced internationalisation" (i.e. OFDI affected also by negative home market conditions) led us to introduce several new categories for ownership, location and internalization advantages which were required to better capture specific features of Greek outward FDI.

Among ownership advantages, we highlighted the importance of demand side factors or knowledge of the host market, and the importance of linkages with home market firms. Why are these categories not captured by the traditional OLI framework? OLI is based on the logic of superior ownership advantages of foreign investors which does not reflect the situation of Greek investors which do not possess strong ownership advantages, but still are forced to go abroad. This puts ownership advantages based on knowledge of host markets in a primary position, compared to its secondary ranking in the traditional OLI framework, and links with home market firms as a way to compensate for lacking individual firm level ownership advantages.

Among locational advantages, we included the new categories of home market pressures and linkages with home market firms. Similar to the additions to ownership advantages, these also reflect the specific Greek context of "forced internationalisation"(i.e. OFDI affected also by negative home market conditions). In the traditional OLI framework, firm internationalisation is an expression of ownership advantages in the home market. In fact, firms go abroad because they have redundant

capacity and advantages that they can exploit abroad where, by definition, they possess superior ownership advantages compared to local firms. Also, ownership advantages are firm specific unlike in the Greek case where links with home market firms in the host market are essential for the ownership advantages of individual firms.

Dunning's internalization advantage categories are mostly adequate to capture and to accommodate the factors which are assumed to be relevant to Greek investors, with the exception of autonomous investors, which we discuss in Table 24 under new internalization advantages. Overall, Dunning's framework uses more economic and standard business related factors to explain FDI, which reflects the assumption of superior advantages of FDI. Our additions primarily tackle ownership advantages and location advantages; however, the addition of a new variable for internalization (new pattern of home host company, the autonomous one) is interesting and promising for further research. Expansions of the OLI in terms of new variables are related largely to property rights and/or intangible asset advantages (Oa), locational (institutional (dis) advantages), and are primarily related to informal (dis) incentives for investment and partly to transition economy features of the two host economies. There are new categories in ownership, locational and internalization advantages which are mostly related to the features of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions) of Greek FDI. They reflect the fact that Greek outward investors do not necessarily possess conventional advantages compared to other global firms.

Next, we explore the relevance of the variables and categories considered for the four industries. We expect to make two contributions. First, we test the relevance of our operationalised, extended and amended OLI framework in the context of four

industries. We are interested in testing which variables have the most general explanatory power in relation to Greek OFDI. Second, we explore inter-industry differences which we hope will test the robustness of the OLI framework and provide a better understanding of whether the drivers of Greek OFDI are general, industry specific or overlapping.

5.3 The Characteristics of the Outward FDI in Four Industries

Before analysing OLI specific differences, it is necessary to understand the main features of each industry in our sample.[78] We also discuss some similarities across the industries.

The discussion is presented in four subsections: the first presents the main industry characteristics, the second discusses the similarities across various industry groups, the third presents common features of three of the analysed industries, and the fourth section presents common characteristics for all four industries.

In each subsection, discussion of main characteristics and similarities is based on the following 11 criteria:

1. General Company Characteristics in the Home Market
2. Internationalisation Characteristics
3. Push Factors
4. Behaviour in the Host Market
5. Pull Factors
6. Company Problems in the Host Market
7. Competitive Advantage in the Host Market
8. Risks
9. Cooperation
10. Targets
11. Returns.

[78]For a list of the characteristics that were found to be significantly different across industries using Pearson parametric test or Kruskal-Wallis non-parametric test, see Appendix 16 which is in four parts 16(1), 16(2), 16(3) and 16(4) (pp.326-329).

5.3.1 Main Characteristics of Outward FDI in Four Industries

Table 25: Main Characteristics of OFDI by Industry: Manufacturing

Main Characteristics of OFDI by Industry : Manufacturing	
General Company Characteristics In the Home Market:	*The oldest FDI entrants, Company Age Up to 1969 (61.7%) **High** *Member in the Stock Exchange Market, (54.1%) **Half** *Market Share Change (Increase or Decrease) as a Major Cause for Investment Decision (33.9%) **Low**
Internationalisation : FDI or/and Exports	**Exports :** *Prior To Any Initial Foreign Affiliate Establishment (88.5%), **Very High** * In Bulgaria or/and F.Y.R.O.M Prior To Company's F.D.I (70%) **High** *Experience in Exports EU or/and Other Developed Countries (91.8%) **Very High** * Mainly Export-Oriented Parent Companies (45.9%) **Half**
Push Factors:	**Adverse Institutional Environment :** *Credit Time Payment Between Supplier - Customer **Very High Problem** **Adverse Demand Conditions:** *Low Customer Purchasing Power **Medium Problem** **Increased Production Costs in the Home Market:** *Fixed Costs **Medium Problem** **Increased Competitive Pressures :** *Compensatory Investment Due to Increase of Home Market Industry Competition or Home Market Share Reduction **No Motive**
Behaviour In The Host Market:	*Sector of Investment: Manufacturing & Trade (57.4% & 37.7%) *Host Company Location: Capital City (62.3%)
Pull Factors:	**Geographical Proximity Facilitates:** *Close Control Between Parent Company & the Foreign Affiliate **Very High Motive** *Fast Raw Material Supply & Services Provision from the Parent Company **Average Motive** *Export/Other Investment Activity Development into Other Markets **Average Motive** **Lack of Competitive Pressures:** *Low Competition **No Motive**
Future Targets:	**Expansion of Sales:** *Increase in Intra-Trade Between Parent & Host Company **Average Target** *In S.E.E via Host Market Foreign Affiliate **Average Target**

Source: Author's survey, For a list of the characteristics that were verified across four industries using the appropriate Kruskal-Wallis or Pearson chi-square statistical tests, see Appendix 16 (pp.326-329) which is in four parts 16(1), 16(2), 16(3), 16(4) last column.

The first main characteristic of manufacturing companies is that they are the oldest among the four industries with most companies founded before 1969 (61.7%). Over half (54.1%) of manufacturing companies are listed on the stock exchange, which suggests that they have better liquidity as they can raise capital for investments through the stock exchange market and, thus, have a more robust profile. Also, they do not consider change in home market share as a major cause of their investment decision (33.9%).

There are two components to companies' internationalisation: FDI and exports. This industry has exclusive export related features compared to its counterparts. More specifically, it uses export as a method of internationalisation before FDI (88.5%) and half of these companies are mainly export-oriented (45.9%). Among manufacturers almost all had at least one export experience with the EU, and/or other developed countries (91.8%). Also, most exported to Bulgaria or/and FYROM prior to the FDI activity (70%). This industry is the most internationalised based on exporting records.

The push factor that is main feature in this industry is the adverse institutional environment and, specifically, the credit time payment between supplier and customer,[79] which is a major problem for these firms in the home market. This situation has been exacerbated by adverse demand conditions such as low customer purchasing power and increased production costs in the home market. In terms of pull factors**,** geographical proximity facilitates close control, export development, rapid raw materials supply and services provision from the parent company which is considered as important motives for the manufacturing industry.

The host country subsidiaries established by manufacturing companies are either in manufacturing (57.4%) or trade (37.7%). Many of these manufacturing companies have established a trade company in the host market as an export-arm, something that is main to this industry. Manufacturing also has the smallest percentage of companies that have invested in the host country's capital city (62.3%). Manufacturing companies likely prefer lower cost areas because they usually operate as wholesalers rather than retailers. Those that have invested in the capital city have done so mostly in the form of trading companies with the aim of expanding sales locally. Their aim is

[79] As we have already mentioned, the credit time between supplier and customer is the time of product/service payment between the parties.

to achieve further expansion in both the domestic market (via increased intra-trade between parent and host company) and in other SEE markets via their foreign affiliate. In other words, they are interested in increasing the turnover between parent and affiliate.

Table 26: Main Characteristics of OFDI by Industry: Trade

Main Characteristics of OFDI by Industry : Trade	
General Company Characteristics In the Home Market:	*Company Age Up to Up to 1979 (53.4%) **Half** *M& A's, (40%) **Low**
Parent Company Technology Advantages:	*Diversifying Technology Know-How, 6.9% **Minor**
Internationalisation FDI or/and Exports:	**FDI:** in CEE, EU, Underdeveloped, Other Developed Areas **(Minor to Low Level)** **Exports :** *Prior To Any Initial Foreign Affiliate Establishment (53.3%), **Half** *Experience in Exports EU or/and Other Developed Countries (43.3%) **Half**
Push Factors:	**Increased Competitive Pressures :** Increased In New Foreign Competitor Firms in the Home Market (58.3%) **Adverse Institutional Environment** *Credit Time Payment Between Supplier - Customer **Very High Problem**
Behaviour In The Host Market:	* **Sector of Investment: Trade** (93.5%) ***Home/Host Firm Relationship** (Autonomous/Subsidiary) Autonomous (64.5%) *Reasons For Choosing FDI (Direct Customer Contact, Investment Security, Control and Quality, Other) Investment Security, Control & Quality (57.1%)
Pull Factors:	**Lack of Competitive Pressures** *Low Competition **Very High Motive** **Geographical Proximity Facilitates** *Close Control Between Parent Company & the Foreign Affiliate **Very High Motive**
Problems in the Host Market Initial :	**Institutional :** *Grey Economy Negatively Affecting Company Products **Very High Problem**
Management Competences Initial :	*Difficulties in Developing Business Plans (48.4%) **Half**
Future Targets:	**Parent Company Investments In** *Post- Communist Countries **Low Target** **Investments In Foreign Affiliate** *New Products/Services-Creation **No Target**

Source: Author's survey, For a list of the characteristics that were verified across four industries using the appropriate Kruskal-Wallis or Pearson chi-square statistical tests, see Appendix 16 (pp.326-329) which is in four parts 16(1), 16(2), 16(3), 16(4) last column.

Half of the trading companies were founded before 1979 (53.4%), and have experience of some M&A activity (40%). The parent companies have no major technology advantages, but do have some internationalisation experience via exports. In particular, prior to the establishment of the foreign affiliate, half of the companies

(53.3%) had some exporting experience, and 43.3% had experience of exporting at least once, to the EU or/and other developed countries. In other words, these companies have no technology advantages and limited internationalisation experience through exports and minor FDI activity.

In terms of push/pull factors, what is main in this industry is that the companies were pressed by push factors such as increased competition due to increase in new foreign competitor firms (58.3%) in the home market and adverse institutional environment. Lack of competitive pressures in the host market and geographical proximity between company and foreign affiliate constitute main pull factors for this industry. However, it is interesting that there are no distinctive pull factors related to this industry which might point to the key role of push factors and forced internationalisation.

Virtually all the companies invest in trade (93.5%), and more than half chose the autonomous mode of entry (64.5%). As already explained, autonomous companies are de facto foreign affiliates without legal or financial links with the parent company. Notably, their choice of an autonomous relationship between parent company and foreign affiliate and industry shrinkage in the home market, could be indicators of "forced internationalisation".

Trading companies invest in these countries to increase the security of and control over their investment, and to maintain quality (57.1%). They face particular difficulties with respect to the institutional environment, especially those related to the grey economy. Almost half of trade companies faced difficulties in developing business plans (48.4%). Also, these companies are not interested in expanding to other post-communist countries probably due to the fact that this FDI was not

"expansionary, but rather "escape" FDI based on the negative home market conditions (industry competition-push factors).

Table 27: Main Characteristics of OFDI by Industry: Services

Main Characteristics of OFDI by Industry : Services	
General Company Characteristics In the Home Market:	**Parent Company Technology Advantages** *Diversifying Technology Know-How (28.9%) **Low**
Internationalisation via FDI:	**FDI in :** *Central East European (64.1%) **High**
Push Factors:	**Increased Competitive Pressures :** *Increased Competition Due to Existing Home Market Firms Growth (64%) **High** *Increased Competition as a MAIN Factor for Internationalization (11.8%) **Minor** *Industry Shrinkage as a MAIN Factor for Internationalization (0%) **No** **Adverse Institutional Environment :** *Credit Time Payment Between Supplier - Customer **No Problem** *Low Customer Purchasing Power **No Problem**
Behaviour In The Host Market:	*Sector of Investment **Services (90.5%)** *Merging or Buy-Outs after Establishment: (21.4%) **Low** *Reasons For Choosing FDI : Direct Customer Contact (33.3%) **Low** *Parent Company Modified Products Provision to the Host Market (4.8%) **Minor** *Supplier - Customer Policy (between Parent Company & Foreign Affiliate) (26.2%) **Low** *Parent Company Transfer Precise Business Know-How (72.5%) **High**
Pull Factors:	**Lack of Competitive Pressures** *Low Competition **Average Motive** **Linkages :** *Following Parent Company's Customers **Low Motive** *Presence of Other Greek Public/Private Companies in the Host Market **Average Motive** **Financial Motives Provided by the Home Market & Regional Institutions** *Low Cost of Labour Force & Other Factors of Production/Services **Low Motive** **Geographical Proximity Facilitates** *Fast Raw Material Supply & Services Provision from the Parent Company **No Motive**
Company Problems in the Host Country Initial:	**Institutional:** *Corruption of High & Low Level Administration **No Problem**
Risks	*Capital Risk for the Host Market Company **No Risk**
Cooperation:	*Mainly with other Greeks in the Host Market (32.5%) **Low**
Returns:	*Delay in Investment Return Compared to the Estimated Yielding: 15.4% **Minor**

Source: Author's survey, For a list of the characteristics that were verified across four industries using the appropriate Kruskal-Wallis or Pearson chi-square statistical tests, see Appendix 16 (pp.326-329) which is in four parts 16(1), 16(2), 16(3), 16(4) last column.

In this industry, main feature of OFDI is that more than half of the companies had FDI experience in CEE (64.1%). The parent companies have technological advantages only in diversified technology know-how (28.9%), which is at a really low

level especially in the services industry. However, this lack of technological superiority did not prevent them from investing in the CEE.

In the context of the push-pull framework, these companies differ in not experiencing problems related to an adverse home institutional environment when investing abroad. In relation to competition, this push drive has increased due to growth of other home market firms (64%).

In terms of pull factors, lack of competitive pressure and presence of other Greek public/private companies in the host market were moderate incentives while following the parent company's customers and low cost of factors of production were small incentives.

As expected, almost all service companies invest in the services industry in the host market; some engaged in mergers and buy-outs after their establishment (21.4%). They decided to enter via FDI to ensure direct customer contact (33.3%). Also, these companies transfer their business know-how from the parent company without adjustments (72.5%). In this industry, they cooperate mainly with Greek companies (32.5%), and very few experience delays in investment returns (15.4%). After the establishment of the affiliates, the companies faced no institutional problems related to corruption or capital risk, which is distinctively different from the companies in the other three industries.

Table 28: Main Characteristics of OFDI by Industry: Construction

Main Characteristics of OFDI by Industry : Construction	
General Company Characteristics In the Home Market:	*M& A's Yes, Half (52.9%) *Market Share Change as a Major Cause for Investment Decision(76.5%) **High**
Internationalisation FDI or/and Exports (or other modalities):	**Exports** (or other modalities e.g. turnkey projects for services/construction industries): *Experience in Exports EU or/and Other Developed Countries (23.5%) **Low** *Mainly Export*-Oriented Parent Companies **No**
Push Factors:	**Increased Competitive Pressures :** *Increased Competition Due to Existing Home Market Firms Growth (43.8%) **Half** *Increased Competition as a Factor for Internationalisation (50%) **Half** *Industry Shrinkage (64.7%) **High** *Industry Shrinkage as a MAIN Factor for Internationalisation (63.6%) **High** *Compensatory Investment Due to Increase of Home Market Industry Competition & Home Market Share Reduction **Medium Problem**
Behaviour In The Host Market:	* Sector of Investment Construction (77.8%) * Home/Host Firm Relationship: Autonomous 55.6% / Subsidiary 38.9% * Mergings or Buy-Outs after Establishment: No (0%) * Reasons For Choosing FDI: Other (33.3%)
Pull Factors:	**Geographical Proximity Facilitates :** *Export/Other Investment Activity Development into Other Markets **Low Motive** **Lack of Competitive Pressures:** *Low Competition **High Motive** **Linkages :** *Presence of Other Greek Public/Private Companies in the Host Market **Average Motive**
Company Problems in the Host Country Present:	**Institutional :** *Political Instability **Low Problem** *Nationality **Low Problem** **Adverse Demand Host Market Conditions :** *Low Customer Purchasing Power **No Problem**
Competitive Advantage in the Host Market over Local:	Over Local: Product/Service Know-How in the Host Market **Very High**
Risks:	*Capital risk for the Home Market Company **Low Risk** *Insecure Business Environment in the Home Market for the Company **Medium Risk** *Possibility for Parent Company to be Transferred in the Host Market (27.8%) **Low**
Cooperation:	*Mainly with other Greeks in the Host Market, (44.4%) **Half** *Mainly with other Greeks in South East Europe (27.8%) **Low**
Targets:	**Parent Company Investments In:** *Post- Communist Countries **High Target**
Returns:	*Investment Returns Already (95%)

Source: Author's survey, For a list of the characteristics that were verified across four industries using the appropriate Kruskal-Wallis or Pearson chi-square statistical tests, see Appendix 16 (pp.326-329) which is in four parts 16(1), 16(2), 16(3), 16(4) last column.

Most construction companies experienced declining market share in the home market, which was a major cause of their investment abroad (76.5%). In contrast to the other

industries, construction is not widely internationalised, with only 23.5% of firms with other investment activity in the EU or other developed countries.

Construction companies are the most push driven of the four industries analysed. They faced greatly increased competitive pressures in the home market, fuelled by industry shrinkage (64.7%) and this was the main factor in their internationalisation (63.6%). In addition, in order to survive and cut costs, half (53%) pursued M&As. This M&A tactic created increased competition due to existing home market firms' growth (43.8%). Thus, these firms simultaneously faced industry shrinkage and increased competition in the home market.

Also, construction is the only industry that significantly invests in order to compensate for loss of market share and strong competition in the home market. In terms of pull factors, host market geographical proximity with other markets is a very small incentive as prospect for further investment activity. However, lack of competitive pressures and linkages are significant pull factors.

Just over half (55.6%) of the companies had an autonomous relationship with the *de facto* parent company. As already mentioned, this was to avoid legal and formal financial links between them as a way to protect both companies in case of a failure.

Furthermore, unlike in the home market, they faced no problems of adverse demand in the host market. In the host market, in everyday operations there were no serious institutional host market problems such as political instability or nationality. Thus, inexperience in FDI activities did not create obstacles to their operations.

Construction firms know-how advantages over local firms are the main source of their competitive advantage. Also, around half of the companies (44.4%) cooperate mainly

with Greek companies in the host markets, while 27.8% expanded this cooperation mainly with other Greek firms in SEE. This suggests that linkages and cooperation with the other Greek firms that are operating in the area are sources of competitive advantage. This mechanism works as follows: assume that company A operates in the home market where it cooperates with company B. Also, assume that company B develops products/services tailored to company A. Hence, when company A invests in a foreign market it seeks to cooperate with company B, which increases the efficiency of company A, thus strengthening its competitive advantage over local companies.

Despite the various pressures they face in the home market and some low level risks in the host market, almost all construction firms (95%) have received expected returns on their investments. Finally, the parent companies aim to continue investing in other post-communist countries despite their lack of internationalisation experience. All the above implies that although the construction industry is mainly pushed abroad it operates successfully in the host market.

Table 29: Key Findings for Each of the Industries Across the Four Main Categories

Main Points	Industry Main Characteristics			
	Manufacturing	Trade	Services	Construction
General Home	*Oldest *Internationalisation Mainly Via Exports	*Internationalisation (Low)	*Diversifying Technology Know-How (Low) *Regional Internationalisation Mainly FDI in CEE (High)	*Market Share Change as a Major Cause for Investment Decision (High) *Experience in Other Investment Activities EU/ Developed Countries (Low)
General Host	*Sector of Investment: Manufacturing & Trade	*Home-Host Firm Relationship Mainly: Autonomous *Host Market Problems Initial: Institutional (Very High)	*Capital Risk for the Host Market Company (No Risk)	*Host Problems: *Institutional (Low) *Adverse Demand Host Market Conditions (No) *Competitive Advantage in the Host Market Vs Locals in Product/Service Know-How (Very High) *Cooperation Mainly with Other Greeks in the Host Market
Push Factors	*Adverse Institutional Environment & Demand Conditions *Increased Production Costs & Competitive Pressures in the Home Market	*Increased Competitive Pressures *Adverse Institutional Environment	*No Industry Shrinkage but Increased Competitive Pressures Due to Existing Home Market Firms Growth	*Industry Shrinkage (High) *Industry Shrinkage as a MAIN Factor for Internationalisation (High) *Compensatory Investment Due to Increase of Home Market Industry Competition & Share Reduction (Medium Problem)
Pull Factors	*Geographical Proximity Facilitates	*Lack of Competitive Pressures *Geographical Proximity Facilitates	*Lack of Competitive Pressures *Linkages	*Lack of Competitive Pressures *Linkages
Targets	*Expansion of Sales	*Parent Company Investments Post-Communist Countries (Low)		*Parent Company Investments Post- Communist Countries (High)

Source: Author's survey, For a list of the characteristics that were verified across four industries using the appropriate Kruskal-Wallis or Pearson chi-square statistical tests, see Appendix 16 (pp.326-329) which is in four parts 16(1), 16(2), 16(3), 16(4) last column.

The manufacturing industry is the oldest industry and its internationalisation is based mainly on exports. It is the only industry that can invest in two sectors such as manufacturing and trade. It uses trade foreign affiliates as an export arm in these markets. There are main push and pull factors for this industry.

Trade is an industry with many weaknesses, but still engages in FDI. Trade firms have no ownership advantages due to multinationality because of the low level of internationalisation. In addition, they face pressures in the home market as a result of industry competitive pressures and adverse institutional environment. Due to their lack of experience of internationalisation and difficulties in the home market they do not want financial and legal links with the foreign affiliate. Thus, they establish autonomous companies in the host market which protects both parent and foreign affiliates from further financial problems. Although they created this protective net, they face institutional host market problems at least initially. Push factors cover adverse institutional environment and increased competitive pressures while this offsets by pull factors such as lack of host market competitive pressures and geographical proximity issues.

The services industry is an interesting case because, despite having no technological ownership advantages, its firms have a high level of regional internationalisation in CEE via FDI. This internationalisation, although at regional level, gives them the advantage to expand in the host market without fear of capital risk. There are main push and pull factors for service firms.

The construction industry, as already mentioned, is the most push driven industry. It is a perfect example of "escape" FDI. A major problem for this industry (and also services) is that internationalisation cannot be achieved via exports, but must be via other investment activities (e.g. turnkey projects). Construction firms do not have conventional ownership advantages, at least as a result of multinationality, but they create these advantages via cooperation mainly with other Greek firms in the host market, which gives them competitive advantage in product service know-how in the host market. Hence, an industry that is very pressed in the home market "escapes" these negative home market conditions, and creates advantages by exploiting past or creating new links with other Greek companies, which are servicing the host market with customized products and services familiar to the construction companies from previous business relationships in the home market. Thus, they acquire advantage in the foreign market. This is a case of escape FDI, which is also successful in the sense that these companies target further FDI investments in post-communist countries.

5.3.2 Similarities between Industries

Table 30: Common Characteristics of Manufacturing & Trade Industries

	Manufacturing	Trade	Statistical Tests
Push Factors :			
a) Increased Competitive Pressures :			
Increase in New Foreign Competitor Firms in the Home Market	Half (56%)	Half (58.3%)	χ2 (1, N=74) =0.36 p =.850
Increased Competition Due to Existing Home Market Firms Growth	Low (32%)	Low (25%)	χ2 (1, N=74) =380 p =.537
Increased Competition as a MAIN Factor for Internationalization	Low (24%)	Low (33.3%)	χ2 (1, N=74) =2.663 p =.103
Industry Shrinkage as a MAIN Factor for Internationalization	Minor (14.3%)	Low (33.3%)	χ2 (1, N=19) =.827 p =.363
Compensatory Investment for the Company's Home Market Share Reduction	No Problem	No Problem	U=744,5 p =.051
b) Adverse Institutional Environment :			
Credit Time Payment Between Supplier - Customer	Very High Problem	Very High Problem	U=795, p =.766
Behavior In The Host Market:			
Foreign Affiliate Year of Establishment	Prior & After 2001 (55.7% & 44.3%)	Prior & After 2001 (58.1% & 41.9%)	χ2 (1, N=92) =.045 p =.831
Reasons For Choosing FDI	Investment Security Control & Quality (46.4%)	Investment Security Control & Quality (57.1%)	χ2 (4, N=84) =1.502 p =.826
Supplier - Customer Policy (between Parent Company & Foreign Affiliate)	High (73.8%)	High (67.7%)	χ2 (1, N=92) =.368 p =.544
Pull Factors (F.D.I Motives):			
a) Linkages :			
Presence of Other Greek Public/Private Companies in the Host Market	No Motive	No Motive	U=890, p =.703
b) Geographical Proximity Facilitates :			
Close Control Between Parent Company & the Foreign Affiliate	Very High Motive	Very High Motive	U=758,5 p =.111
Company Problems in the Host Country / Initial & Present:			
Initial			
a) Institutional:			
Grey Economy Negatively Affecting Company Products	Average Problem	Very High Problem	U=671, p =.054
b) Financial:			
Tariff Costs	Low Problem	Average Problem	U=731, p =.098
Present			
a) Institutional:			
Grey Economy Negatively Affecting Company Products	Low Problem	Low Problem	U=704,5 p =.102
Competitive Advantage in the Host Market over Foreign:			
Management Implementation	Low (23.3%)	Low (28.6%)	χ2 (1, N=44) =.140 p =.709
Management Competences:			
Present			
Lack of Business know-How in the Host Market	Minor (5.1%)	Minor (12.9%)	χ2 (1, N=90) =.1.732 p =.188
Cooperation:			
Mainly with other Greeks in the Host market	Minor (3.3%)	Minor (3.2%)	χ2 (1, N=91) =.01 p =.978
Targets:			
New Products/Services-Trade	High Target	High Target	U=819 p =.477
Returns:			
Delay in Investment Return Compared to the Estimated Yielding	Low (38.3%)	Low (38.7%)	χ2 (1, N=91) =.001 p =.972

Source: Author based on a survey data and verified by the appropriate test (Mann–Whitney *U* test or Pearson's chi-squared test) for each variable of the industry group Manufacturing & Trade.

The first similarity across the two industries of manufacturing and trade in terms of push factors is credit time payment as a major problem for both the manufacturing and trade industries. In addition, both manufacturing (56%) and trade (58.3%) faced increased competitive pressures due to the presence of foreign competitors in the

home market. As far as other push factors[80] are concerned, they are minor for the companies in these two industries.

In relation to pull factors, the close control between parent company and foreign affiliate facilitated by geographical proximity is the most important factor for both industries. However, linkages, such as the presence of other Greek public/private companies in the host market, are not a pull factor for either of these industries. At the same time, they are not interested in cooperating with other Greek firms in the host market. So, for this pair of industries, company control is important via everyday monitoring which help to operationalise company production and trade in the market. However, these industries are not affected by business relationships and linkages developed in the home market.

In terms of the similarities between the manufacturing and trade industries and their behaviour in the host market, they have similar patterns of investment. Both tend to use the foreign affiliates as export arms (via supplier-customer policy between parent company and foreign affiliate); 73.8% of manufacturing companies and 67.7% of trade firms.

As already mentioned, investment control is an important factor, and almost half of the companies in both industries invest via FDI and not via other modes of market entry e.g. exports, licensing, increasing security, control and quality of their products.

The subsidiaries of these two industries had some common problems in the host markets. Initially, the most important problem was related to institutions especially

[80] Such as: Increased competition and industry shrinkage as the main factors for internationalisation, increased competition due to existing home market firms' growth and compensatory investment due to company's reduced home market share.

the grey economy and tariff costs. However, only the grey economy remains a problem, but on a lower scale.

As far as management competences are concerned, neither manufacturing (77.7%) nor trade (71.4%) consider superiority with respect to management implementation in their foreign affiliate compared to their competitors is an advantage in the host market. However, they believe that they[81] have the relevant business know-how for the host market. Both these industries aim to expand their range of products and services in the host market. Although they have achieved some return on investment, a significant percentage (40%) of firms face delays in investment return compared to estimated yield.[82]

To summarize, both push and pull factors affect these older companies. An adverse institutional business environment via long payment term periods creates money liquidity problems for both industries, and their home market business environment is pressed further by the presence of foreign competitors. To offset these pressures, they establish companies in adjacent countries and use these affiliates as export arms in these markets. Although they do not recognize management implementation in their foreign affiliate as a competitive ownership advantage, they think that they have the necessary business know-how for these investments and these environments, and have expanded their FDI. For these industries, the determining factors for investment are company control and investment security, which are facilitated by the geographical proximity of these markets. An interesting finding is that a friendly host market environment created by the presence of other Greek investors in the area (linkages)

[81] Management competences: lack of business know-how in the host market: manufacturing (5.1%), trade (12.9%).
[82] Manufacturing (38.3%), trade (38.7%).

and cooperation established and developed in the home market, are not considered competitive advantage in host markets for these industries.

Table 31: Common Characteristics of Trade & Construction Industries

	Trade	Construction	Statistical Tests
General Company Characteristics:			
Company Size	Up to 250 employees (65.4%)	Up to 250 employees (60%)	χ2 (5, N=41) =5.098, p =.404
Home Market Company Location (South /North Part of Greece)	South (53.3%) & North (46.7%)	South (47.1%) & North (52.9%)	χ2 (1, N=47) =.171, p =.679
M& A's	Low (40%)	Half (52.9%)	χ2 (1, N=47) =.735, p =.391
Member in the Stock Exchange Market	Minor (13.3%)	Minor (5.9%)	χ2 (1, N=47) =.634, p =.426
Push Factors:			
a) Increased Competitive Pressures :			
Industry Shrinkage	Low (40%)	High (64.7%)	χ2 (1, N=47) =2.651, p =.104
Industry Shrinkage as a MAIN Factor for Internationalisation	Low (33.3%)	High (63.6%)	χ2 (1, N=23) =2.112, p =.146
Internationalisation Via FDI in :			
Central East European	Low (26.7%)	Low (35.3%)	χ2 (1, N=47) =.386, p =.534
European Union	Minor (13.3%)	Minor (11.8%)	χ2 (1, N=47) =1.024, p =.877
Underdeveloped (except S.E.E & C.E.E)	Minor (10%)	Minor (5.9%)	χ2 (1, N=47) =.236, p =.627
Other Developed (except E.U)	Minor (3.3%)	Minor (5.9%)	χ2 (1, N=47) =.173, p =.677
Behavior In The Host Market:			
Home/Host Firm Relationship **(Autonomous/Subsidiary)**	Autonomous (64.5%)	Autonomous (55.6 %)	χ2 (2, N=49) =.445, p =.800
Pull Factors (F.D.I Motives):			
a) Lack of Competitive Pressures:			
Low Competition	Very High Motive	Very High Motive	U=268,5 p =.823
Company Problems in the Host Country / Initial & Present			
Initial			
a) Institutional:			
Corruption of High Level Administration	Average Problem	Average Problem	U=268 p =.812
Present			
a) Institutional:			
Corruption of High Level Administration	Average Problem	Low Problem	U=267 p =.795
Corruption of Low Level Administration	Average Problem	Average Problem	U=278 p =.983
Competitive Advantage in the Host Market over Local:			
Product/Service Know-How in the Host Market	Very High (80%)	Very High (100%)	χ2 (1, N=26) =1.418, p =.234
Management Competences:			
Current			
Difficulties in Developing Business Plans	Low (29%)	Low (33.3%)	χ2 (1, N=49) =0.99, p =.753
Risks:			
Insecure Business Environment in the Host Market for the Company	Low Risk	Low Risk	U=269.5 p =.838

Source: Author based on a survey data verified by the appropriate test (Mann–Whitney *U* test or Pearson's chi-squared test,) for each variable of the industry group Trade & Construction.

Both trade and construction are dominated by companies with up to 250 employees, with a small presence on the stock exchange and M&A activity. Moreover, their headquarters are spread between the South and North of Greece. The companies in this group internationalise less via FDI in CEE, the EU, underdeveloped (except SEE and CEE), and other developed (except EU) countries. They create affiliates via autonomous relationships between parent and host market companies (trade 64.5%, construction 55.6%).

In relation to push factors, manufacturing and services industries are not facing industry shrinkage while trade and construction do suffer from industry shrinkage (trade 40% and construction 64.7%). This is a "weak" and less internationalised group of companies, and their main pull factor is lack of competitive pressure and, more specifically, weak competition in the host market. However, firms in both these industries believe they possess competitive advantages in the host market over their local competitors and specifically in product/service know-how.

After establishing their foreign affiliates, they encountered some institutional problems, especially corruption in national and local levels of administration, and this problem has persisted. Finally, although they lack multinational experience, these companies do not face serious difficulties related to developing business plans (trade 29% and construction 33.3%).

To summarize, both push and pull factors characterize this industry group. Most firms are not part of the stock exchange market. They lack ownership advantages due to low levels of multinationality and they are pushed more by industry shrinkage which is also a main push factor for their internationalisation, especially for construction firms. However, all these disadvantages, combined with pressures from the home market, do

not represent obstacles to FDI. They expand abroad carefully, adopting a protective autonomous relationship between parent company and foreign affiliate. Their FDI activity is related to "escape" from the home market to invest in markets where there are low levels of competition due to the absence of strong local competitors in the market. They are aware of the superiority of their product and service know-how. Although they do not possess conventional ownership advantages before their FDI, they resort to "escape" FDI.

Table 32: Common Characteristics of Manufacturing & Services Industries

	Manufacturing	Services	Statistical Tests
General Company Characteristics:			
Company Size	Large, up to 1000 (57.7%)	Large, up to 1000 (51.5%)	$\chi 2$ (5, N=41) =5.098, p =.404
M& A's	High (77%)	High (74.4%)	$\chi 2$ (1, N=100) =.094, p =.759
Member in the Stock Exchange Market	Half (54.1%)	Almost Half (42.1%)	$\chi 2$ (1, N=99) =1.347, p =.246
Push Factors:			
a) Increased Competitive Pressures :			
Industry Shrinkage	Minor (11.9%)	Minor (13.9%)	$\chi 2$ (1, N=95) =.083, p =.773
Compensatory Investment Due to Increase of Home Market Industry Competition	No	No	U=1108,5 p =.243
Internationalisation Via FDI in :			
Central East European	Half (49.2%)	High (64.1%)	$\chi 2$ (1, N=100) =2.140, p =.143
European Union	Half (52.5%)	Half (48.7%)	$\chi 2$ (1, N=100) =.133, p =.715
Underdeveloped (except S.E.E & C.E.E)	Half (49.2%)	Half (51.3%)	$\chi 2$ (1, N=100) =.042, p =.838
Other Developed (except E.U)	Low (27.9%)	Low (17.9%)	$\chi 2$ (1, N=100) =1.284, p =.257
Behavior In The Host Market:			
Home/Host Firm Relationship (Autonomous/Subsidiary)	Subsidiary (73.8%)	Subsidiary (64.3%)	$\chi 2$ (1, N=103) =2.411, p =.300
Pull Factors (F.D.I Motives):	No Unique Pull Factors for this group		
Company Problems in the Host Country Initial & Present:			
Present			
a) Institutional:			
Corruption of High Level Administration	No Problem	No Problem	U=1143 p =.376
Corruption of Low Level Administration	No Problem	No Problem	U=1193 p =.617
b) Adverse Demand Host Market Conditions :			
Low Customer Purchasing Power	Low Problem	Low Problem	U=1272,5 p =.952
Competitive Advantage in the Host Market over Local:			
Product/Service Know-How in the Host Market	Half (55.6%)	Half (47.8%)	$\chi 2$ (1, N=59) =.336, p =.562
Management Competences:			
Initial			
Difficulties in Developing Business Plans	Minor (26.7%)	Minor (15.8%)	$\chi 2$ (1, N=98) =1.581, p =.209
Current			
Difficulties in Developing Business Plans	Minor (15.0%)	Minor (7.7%)	$\chi 2$ (1, N=99) =1.185, p =.276
Targets:			
a) Parent Company Investments In:			
Post- Communist Countries	Average Target	Average Target	U=932 p =.061

Source: Author based on a survey data verified the appropriate test (Mann–Whitney *U* test or Pearson's chi-squared test) for each variable of the industry group Manufacturing & Services.

Companies in manufacturing and services are characterized by large size (manufacturing 55.9% and services, 51.5%), and they have high levels of M&A activity (manufacturing 77%, services 74.4%), and significant stock exchange membership (manufacturing 54.1%, services 42.1%). In other words, this group of companies has a robust profile.

Despite the low levels of internationalisation in all four industries, manufacturing and services are the most internationalised. Almost half of them have investments in CEE, EU and underdeveloped countries. The lack of competitiveness in this "more internationalised group" is confirmed by their weak presence in other developed (except EU) countries (manufacturing 27.9%, services 17.9%).

In terms of the push/pull framework, there is no obvious push factors apart from some minor problems related to industry shrinkage. There are also no pull factors that are distinctively different for this group compared to others.

Manufacturing and services firms prefer to establish classical subsidiaries not "autonomous" companies in the host market: 73.8% of manufacturing companies and 64.3% of services firms. They do not experience problems related to corruption, which is an average sized problem for the previous group. An adverse host market demand condition such as low customer purchasing power is minor problem for this group.

Half the companies in this group consider they possess competitive advantage in the host market over local firms (manufacturing 55.6% and services 47.8%) and they do not have problems in terms of management competence in the host market (such as difficulties in developing business plans initial and currently, are minor issues). Lastly, both industries aim to invest in other post-communist countries.

To summarize, we note that there are no unique push-pull factors for this group of industries. The companies in this group have the most robust profile among the four industries, and are also the most internationalised. They go abroad by establishing traditional robust subsidiaries rather than weak autonomous companies. Also, they view their investment as a stepping-stone for FDI in other post-communist countries.

Therefore, this pair of industries, despite their relative weaknesses compared to the global market, is successful at the regional level.

Table 33: Common Characteristics of Manufacturing & Construction Industries

	Manufacturing	Construction	Statistical Tests
General Company Characteristics:			
Parent Company Technology Advantages:			
Diversifying Technology Know-How	Half (47.5%)	Half (41.2%)	$\chi 2$ (1, N=95) =.083, p =.773
Push Factors:			
Increased Production Costs in the Home Market:			
Input Costs	Medium Problem	Medium Problem	U=374 p =.144
Pull Factors (F.D.I Motives):			
Geographical Proximity Facilitates :			
Export (or other modalities) Development into Other Markets	Average Motive	Average Motive	U=436 p =.171
Management Competences:			
Initial			
Lack of Business Information Flow	Low (21.7%)	Low (33.3%)	$\chi 2$ (1, N=78) =1.023, p =.312

*Note: Internationalisation here means mode of transaction via exports for manufacturing/ trade industries or other modalities e.g. turnkey projects for services/construction industries.

Source: Author based on a survey data verified by the appropriate test (Mann–Whitney *U* test or Pearson's chi-squared test) for each variable of the industry group Manufacturing & Construction.

The characteristics common to manufacturing and construction companies are parent company technology advantages and especially diversification of technology know-how (manufacturing 47.5%, construction 41.2%). On entry to the host market, they did not face any serious difficulties related to their management competences. So, although their technological advantages are limited to technology diversification, management competence is not a constraint.

Manufacturing and construction companies have important differences related to push factors.[83] They seem to have only one common push factor: increased production costs in the home market. For both industries, this is a medium sized problem. In

[83] See Appendix 16 (1), 16 (2), 16 (3) and 16 (4) Results Industries verified by parametric & non parametric tests (pp.326-329).

relation to common pull factors, geographical proximity in other neighbouring markets than those involved in their FDI, creates prospects for further development via exports (or other investment activities in the case of construction).

Push and pull dynamics exist, since firms are pressed by increased home market production costs and pulled by further internationalisation opportunities in neighbouring countries.

Table 34: Common Characteristics of Services & Construction Industries

	Services	Construction	Statistical Tests
Push Factors:			
Increased Competitive Pressures :			
Increase in New Foreign Competitor Firms in the Home Market	Low (35.3%)	Low (18.8%)	χ2 (1, N=50) =1.418, p =.234
Internationalisation*:			
Exports (or other investment activities):			
Prior To Any Initial Foreign Affiliate Establishment	Low (35.9%)	Low (29.4%)	χ2 (1, N=56) =222, p =.637
Supplier - Customer Policy (between Parent Company & Foreign Affiliate):	Low (26.2%)	Low (38.9%)	χ2 (1, N=60) =967, p =.325
Pull Factors (F.D.I Motives):			
a) Linkages :			
Presence of Other Greek Public/Private Companies in the Host Market	Average Motive	Average Motive	U=323 p =.436
b) Geographical Proximity Facilitates :			
Close Control Between Parent Company & the Foreign Affiliate	Average Motive	Average Motive	U=247,5 p =.081
Company Problems in the Host Country (Initial & Present):			
Initial			
a) Institutional:			
Grey Economy Negatively Affecting Company Products	No Problem	No Problem	U=328 p =.536
b) Financial:			
Tariff Costs	No Problem	No Problem	U=178 p =.211
Present			
a) Institutional:			
Grey Economy Negatively Affecting Company Products	No Problem	No Problem	U=329,5 p =.452
Competitive Advantage in the Host Market over Foreign:			
Management Implementetion	High (60.9%)	High (71.4%)	χ2 (1, N=30) =258, p =.612
Cooperation:			
Generaly with other Greeks in the Host Market	High (75%)	High (72.2%)	χ2 (1, N=58) =050, p =.823
Returns:			
Investment Returns Already	Very High (89.7%)	Very High (94.4%)	χ2 (1, N=57) =340, p =.560
More Investment Opportunities in Host Market vs Home	Very High (94.9%)	Very High (88.9%)	χ2 (1, N=57) =676, p =.411

*Note: Internationalisation here means mode of transaction via exports for manufacturing/ trade industries or other modalities e.g. turnkey projects for services/construction industries.

Source: Author based on a survey data verified the appropriate test (Mann–Whitney *U* test or Pearson's chi-squared test,) for each variable of the industry group Services & Construction.

Services and construction industries had low levels of exports/other investment activities in the host market, prior to the establishment of a foreign affiliate (35.9%

services, construction 29.4%) compared to their manufacturing and trade counterparts. This means that firms in services and construction industries do not internationalise gradually ("learning" about the host market step by step) like the other two industries.

In relation to the supplier-customer policy (between parent company and foreign affiliate), we see that only a very small proportion of this group follows it (services 26.2% and construction 38.9%) compared to manufacturing and trade. This could be seen as logical due to the "nature" of these industries.

In terms of the push/pull framework, the construction industry is the most "pushed" and has the largest number of push factors.[84] However, here we are interested only in common push and pull factors. The common push factor is increase in new foreign competitor firms in the home market, albeit still a low share of firms (services 35.3% and construction 18.8%).

A distinctive feature of this group is that pull factors, such as geography and linkages, play an important role. Geographic location is important because it facilitates a close relationship and, thus, better control between the parent and foreign affiliate; in some cases, executives can visit the foreign affiliate daily.

Also, linkages seem to be a significant pull factor for services and construction firms. Cooperation among companies in the home market is replicated and expanding in the host market. Thus, the presence of other Greek public/private companies creates a secure business environment for this group which is pulled to the host market. The

[84] See e.g. Appendix 16(1): Industry Shrinkage, Industry Shrinkage as a Main Factor for Internationalisation, Compensatory Investment Due to Increase of Home Market Industry Competition or/ and Company's Home Market Share Reduction which is really high for Construction Industry (p.326).

firms in both these industries cooperate closely with numerous other Greek firms in both these industries in the host market (services 75%, trade 72.2%).

It is interesting that these industries are the most profitable among the four analysed. Although one is low push driven (services) and the other is high push driven (construction), they enjoy the highest investment returns (services 89.7% and construction 94.4%). They also do not face problems in the host country, while manufacturing and trade face numerous problems. In addition, construction and services recognize their superiority over other foreign affiliates in the host market in relation to management implementation (services 60.9% and construction 71.4%).

Finally, as already mentioned[85], service firms face competition from growth of competitors in the home market while construction faces declining demand (industry shrinkage). This might explain why both of these industries see very high investment opportunities in the host market compared to the home market.

To summarize, the firms in this group are characterized by both push and pull factors. Their most distinctive industry feature in pull factors is the key role of linkages and cooperation's with other Greek firms in the foreign market, which translates into strong ownership advantages. This results in secure investment returns and a friendly business environment, which encourages exploitation of further investment opportunities in the host market. This group can be described as creating ownership competitive advantages through old home market business relationships and effective and successful operations in a new foreign environment and market.

[85] See Appendix 16(1) Results Industries, Column Services & Construction section, Increased Competitive Pressures (p.326).

Table 35: Common Characteristics of Trade & Services Industries

	Trade	Services	Statistical Tests
General Company Characteristics:			
Market Share Change as a Major Cause for Investment Decision	Half (51.7%)	Half (52.6%)	χ2 (1, N=58) =050, p =.823
a) Parent Company Technology Advantages:			
Innovation of Technology Know-How	Minor (3.4%)	Minor (13.2%)	χ2 (1, N=67) =1.902, p =.168
Internationalisation Via Exports:			
In Bulgaria or/and F.Y.R.O.M Prior To Company's F.D.I	Low (38.7%)	Low (42.9%)	χ2 (1, N=73) =.127, p =.722
Mainly Export*-Oriented Parent Companies	Minor (10%)	Minor (12.5%)	χ2 (1, N=46) =.067, p =.795
Pull Factors (F.D.I Motives):			
a) Geographical Proximity Facilitates :			
Export Developement into Other Markets	No Motive	No Motive	U=621,5 p =.717
Company Problems in the Host Country Initial & Present			
Initial			
a) Adverse Demand Host Market Conditions :			
Low Customer Purchasing Power	Average Problem	Average Problem	U=477,5 p =.062
Management Competences:			
Initial			
Lack of Business Information Flow	Half (48.4%)	Half (42.1%)	χ2 (1, N=69) =272, p =.602
Targets :			
a) Expansion of Sales:			
Increase in Intra-Trade Between Parent & Host Company	No Target	No Target	U=410 p =.091
In S.E.E via Host Market Foreign Affiliate	No Target	No Target	U=641,5 p =.758
Risks:			
Insecure Business Environment in the Home Market for the Company	No Risk	No Risk	U=527,5 p =.531

*Note: Internationalisation here means mode of transaction via exports for manufacturing industry or other modalities e.g. turnkey projects for services/construction industries.

Source: Author based on a survey data verified by the appropriate test (Mann–Whitney *U* test or Pearson's chi-squared test,) for each variable of the industry group Trade & Services.

The differences in this group in their home market company characteristics are numerous. However, as already mentioned, here we focus on common industry pair features. The main differences are discussed in the section on industry features (Section 5.3.1)

The most important common finding is that market share change in the home market is a major driver of the investment decision for half of the pair of industries (51.7 %

trade and 52.6 % services firms). This change stems from different sources for each industry: for example, 40% of trade firms faced industry shrinkage while services industry faced increased competition due to home market firms' growth (64%).[86] Thus, the trade industry faced increased pressure at home due to declining demand while services were under pressure from increased competition.

Trade and services are not involved in technological innovations, and previous internationalisation is in the form of exporting/turnkey projects. Also, both industries initially faced adverse host market demand conditions due to low customer purchasing power and lack of business information flow.

The most significant finding for this group is the change in home market share, which was a major driver of their FDI. However, this change stemmed from different causes for each industry.

[86] See Appendix 16 (1) Results Industries verified by Pearson Chi-Square Test (p.326).

Table 36: Summarizing the Most Interesting Common Characteristics for the Groups of Industries

Main Industry Group Characteristics	(M) & (T)	(M) & (S)	(M) & (C)	(T) & (C)	(S) & (C)	(T) & (S)
General Home Features		• Large • Internationalised	• Parent Company Technology Advantages: *Diversifying Technology Know-How,* (Half)	• Up to 250 employees • South & North Based, • Internationalisation Via FDI (Minor)	• Exports or other Investment Activities (Low)	• **Market Share Change as a Major Cause for Investment Decision** (Half) • Innovation of Technology Know-How (Minor), • Internationalisation *(Via exports or other investment activities)* in FYROM/Bulgaria: (Low)
General Host Features		• **Subsidiary** Relationship between Parent-Foreign Company		• **Autonomous** Relationship between Parent-Foreign Company • No Insecure Business Environment in the Host Market	• **Cooperation:** *Generally with other Greeks in the Host Market* (High) • **Returns:** (Very High)	• **Adverse Demand Host Market Conditions:** *Low Customer Purchasing Power* (Average Problem)
Push Factors	• **Adverse Home Market Institutional Environment :** *Credit Time Payment Between Supplier - Customer* (Very High Problem)	• **Increased Home Market Competitive Pressures**: *Industry Shrinkage* (Minor)	• **Increased Production Costs in the Home Market:** *Input Costs* (Medium Problem)	• Industry Shrinkage in the Home Market (Low & High)	• **Increased Home Market Competitive Pressures:** *Increase in New Foreign Competitor Firms in the Home Market* (Low)	• **Increased Competitive Pressures & Production Costs in the Home Market:** (No)
Pull Factors	• **Geographical Proximity Facilitates:** *Close Control Between Parent Company & the Foreign Affiliate* (Very High Motive)	• No Common for the Group	• **Geographical Proximity Facilitates** : *Development into Other Markets* (Average Motive)	• **Lack of Competitive Pressures:** *Low Competition* (Very High Motive)	• **Linkages:** *Presence of Other Greek Public/Private Companies in the Host Market* • **Geographical Proximity Facilitates:** *Close Control Between Parent Company & the Foreign Affiliate* (Average Motive)	• **Geographical Proximity Facilitates:** *Export Development into Other Markets* (No)
(M)=Manufacturing, (T)= Trade, (S)=Service, (C)=Construction						

*Note: Internationalisation here means mode of transaction via exports for manufacturing/trade industry or other modalities e.g. turnkey projects for services/construction industries.

Source: Author based on a survey data verified by the appropriate test (Mann–Whitney *U* test or Pearson's chi-squared test,) for each variable of each industry group.

Table 36 summarizes the most interesting similarities across each of the pairs discussed.

Manufacturing and trade have a combination of push and pull factors; in particular adverse home market institutional environment and geographical proximity which facilitates close control between parent company and the foreign affiliate. Manufacturing and services are large companies and they are the most internationalised; they follow the classical subsidiary relationship between parent and foreign company. In this pair of companies, there are almost no common push and pull factors. In manufacturing and construction, technology advantages are based on diversification. Also, both industries faced the push of increased production costs in the home market and were motivated by geographical proximity, which facilitated further development into other markets.

Trade and construction firms with up to 250 employees and weak internationalisation are spread evenly between the north and south of Greece. Although they do not perceive the new foreign environment as insecure, they have established companies with no financial or legal links (autonomous) in the foreign market in order to protect both parent and affiliate firms. This is probably because they experienced both push and pull factors during their internationalisation. More specifically, both faced problems due to industry shrinkage, and both see lack of competitive pressure as a major motivation for investment in the host market.

A common characteristic of services and construction industries is that they are not involved in export or other types of investment activities as methods of internationalisation. They are involved in straightforward FDI; in many cases, e.g. telecommunications (services), this seems to be the best route to internationalisation

due to national regulations. The construction industry does not favour turnkey projects and prefers FDI as a mode of entry to foreign markets where they will have a major presence and more opportunities to undertake projects. In the push/pull framework, we see that both faced increased competitive pressures although at a low level, and they value the business friendly environment due to the presence of other Greek companies in the host market, and facilitation of affiliate company's close control, as pull factors for their investments. An interesting finding for these industries is the key roles of linkages and cooperation in the host market. Finally, both industries have experienced high returns on their investment.

Trade companies have the weakest profile, and services one of the strongest in our sample; thus any similarities are interesting. They both view the change in their home market share as a serious motivation for investment, but for trade this was due to industry shrinkage and for services it was due to market growth. They both face adverse host market demand conditions stemming from low customer purchasing power. In terms of pull factors, neither is interested in export development into other markets.

The push and pull framework characterizes all pairings of industries except manufacturing and services, and trade and services**.** The larger and more internationalised manufacturing and services groups prefer the classic subsidiary relationship between parent and foreign company, while trade and construction, which are less internationalised, prefer the new and more protective autonomous relationships. In addition, linkages and cooperation with other Greek firms in the host market are an advantage and a feature of the services and construction pair. In trade and services, change in home market share (shrinkage in one case and growth in the other) played an important role in their investment decision. Finally, geographical

aspects (referring to close company control) are important for FDI in the manufacturing and trade pairing and the services and construction pairing because they facilitate daily control by the parent company over the foreign affiliate.

Table 37: Characteristics Common to Three or More Industries

	Manufacturing	Trade	Services	Construction	Statistical Tests
Internationalisation (via Exports or other Investment Activities):					
In Bulgaria or/and F.Y.R.O.M Prior To Company's F.D.I	High	Low	Low	Low	χ2=1.198 (2), p =.549
Push Factors:					
Adverse Demand Conditions:					
Low Customer Purchasing Power	Medium Problem	Medium Problem	No Problem	Medium Problem	χ2=.907 (2), p =.635
Behavior In The Host Market:					
Parent Company Modified Products Provision to the Host Market	Low	Low	Minor	Low	χ2=2.852 (2), p =.240
Pull Factors (F.D.I Motives):					
a) Geographical Proximity Facilitates :					
Prompt Raw Material Supply & Services Provision from the Parent Company	Average Motive	Average Motive	No Motive	Average Motive	χ2=1.166 (2), p =.558
b) Asset Acquisition:					
Acquisition of the Market Share	Very High Motive	Very High Motive	Very High Motive	Low Motive	χ2=2.159 (2), p =.340
c) Financial Motives Provided by the Host Market:					
Low Cost of Labour Force & Other Factors of Production/Services	Average Motive	Average Motive	Low Motive	Average Motive	χ2=1.659 (2), p =.436
Company Problems in the Host Country Initial & Present					
Present					
a) Institutional:					
Political Instability	No Problem	No Problem	No Problem	Low Problem	χ2=2.829 (2), p =.244
Nationality	No Problem	No Problem	No Problem	Low Problem	χ2=1.803 (2), p =.406
b) Financial:					
Macroeconomic Instability	No Problem	Low Problem	No Problem	No Problem	χ2=2.829 (2), p =.244
c) Adverse Demand Host Market Conditions :					
Low Customer Payments	No Problem	Low Problem	No Problem	No Problem	χ2=3.251 (2), p =.197
Risks:					
Capital Risk for the Home Market Company	No Risk	No Risk	No Risk	Low Risk	χ2=-3.565 (2), p =2.168
Insecure Business Environment in the Home Market for the Company	No Risk	No Risk	No Risk	Medium Risk	χ2=.834 (2), p =.659
Possibility for Parent Company to be Transferred in the Host Market	Minor	Minor	Minor	Low Possibility	χ2=3.431 (2), p =.180
Targets:					
a) Expansion of Sales:					
Increase in Intra-Trade Between Parent & Host Company	Average Target	No Target	No Target	No Target	χ2=2.982 (2), p =.225
In S.E.E via Host Market Foreign Affiliate	Average Target	No Target	No Target	No Target	χ2=2.847 (2), p =.241
b) Investments In Foreign Affiliate:					
New Products/Services-Creation	Average Target	No Target	Average Target	Average Target	χ2=.033 (2), p =.984

*Note: Internationalisation means via exports for manufacturing/trade industries or other modalities e.g. turnkey projects for construction /services industries. Some numbers have been rounded up

Source: Author based on a survey data verified Kruskal-Wallis non-parametric test

The trade, services and construction industries were not internationalised prior to their FDI (through export or other investment activities). Companies with previous investment links learn more quickly about host markets, establish business relationships, create markets and acquire better business knowhow about potential FDI markets. In our case, this applies only to the manufacturing industries.

Low customer purchasing power (adverse home market demand conditions) is a common push factor for the manufacturing, trade and construction industries, although it did not affect services firms. This might reflect the changing structure of demand in which services plays an increasingly important role.

The manufacturing, trade and construction industries tend to an extent to adapt their products/services to the host market. For example, a good that is produced according to specific standards e.g. an ice-cream weighing 500 grams in the home market will be produced in the host market, but in a 100 gram weight. The manufacturing, trade and construction industries try to be flexible in the host markets to ensure sales; there is no need for such changes in the service industry.

In relation to pull factors, acquisition of market share in the host country is a high motive factor for manufacturing, trade and services. The reason it does not apply to the construction industry is perhaps because this industry struggles to survive; its internationalisation is to compensate for reduction in its home market share. Geographical proximity to the host market and its effect on fast raw materials supply and services has a positive effect for all industries except services. In addition, low labour costs and other factors of production are important for manufacturing, trade and construction, but not services.

The manufacturing, trade and services industries face no institutional problems in the host markets which contrasts with the findings in the literature (Estrin and Uvalic, 2014). The construction industry faces some of these problems due to its involvement in government projects such as bridges, roads and other infrastructure. Thus, institutional issues, such as political instability and the nationality of the company, can affect construction industry.

For the manufacturing, services and construction industries, financial and adverse host market demand conditions are not a constraint. Only trade firms are affected negatively and at a low level. This could be explained by the macroeconomic difficulties that initially affect the consumption of products and only later affect other industries. Also trade encompasses all types of consumers with the result that poor purchasing power could be a problem.

The risk to the home parent company is a problem only for the construction industry. As already mentioned, this industry is the most push driven thus these companies likely feel insecure in the home market. Increased trade between parent and host companies affects the manufacturing industry because it is an industry feature related to tangible products. Manufacturing firms produce in the home or host market and use intra-firm trade channels to source their markets. In the case of a manufacturing company that establishes a trade company in the host market as an export arm, expansion of sales via intra trade or other SEE markets is a significant motive for FDI.

The other three industries are not aiming at expanded sales in SEE via the foreign affiliate, which means that the parent companies have the primary role in these investment issues. The manufacturing, services and construction industries are considering the possibility of introducing new products and services in the host market, which means they are adopting a long term perspective towards the host market.

The trade, services and construction industries do not follow the pattern of manufacturing FDI, which involves previous exporting experience to acquire knowledge of the host market. These three industries invest directly in the foreign

market. The push[87] and pull framework describes the common characteristics of manufacturing, trade and construction industries. Adverse demand conditions in the home market are a pressure for these industries, whereas financial motives and geographical proximity to these foreign markets is a determinant of investment. Geographical proximity enables fast raw materials and services supply between parent company and foreign affiliate, which is important in the context of tangible products.

Table 38: Country-Common Outward FDI Characteristics

	Manufacturing	Trade	Services	Construction
General Company Characteristics:				
M&A Type between Parent Company-Foreign Affiliate	Horizontal	Horizontal	Horizontal	Horizontal
Host Company Location Mainly in:	Capital City	Capital City	Capital City	Capital City
Push Factors:				
a) Adverse Demand Conditions:				
De-Industrialization	No Problem	No Problem	No Problem	No Problem
Changes in Customer's Habits	No Problem	No Problem	No Problem	No Problem
Pull Factors-F.D.I Motives				
a) Linkages :				
Foreign Company Cooperation Offered	No Motive	No Motive	No Motive	No Motive
b) Institutional Specificities:				
Company Participation in Host Country Privatization Plan	No Motive	No Motive	No Motive	No Motive
c) Asset Acquisition:				
New Products/Services for the Parent Company	No Motive	No Motive	No Motive	No Motive
New Products/Services for the Greek Market	No Motive	No Motive	No Motive	No Motive
d) Financial Motives Provided by the Home Market & Regional Institutions:				
Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	No Motive	No Motive	No Motive	No Motive
South East European Regional Business Agreement	No Motive	No Motive	No Motive	No Motive
Company Problems in the Host Country Initial & Present :				
Initial				
a) Institutional:				
Board Requirements by the Host Market Legislation	No Problem	No Problem	No Problem	No Problem
Labour Legislation	No Problem	No Problem	No Problem	No Problem
Layoff Regulations	No Problem	No Problem	No Problem	No Problem
b) Financial:				
Local Currency Instability	No Problem	No Problem	No Problem	No Problem
Present				
a) Institutional:				
Labour Legislation	No Problem	No Problem	No Problem	No Problem
Layoff Regulations	No Problem	No Problem	No Problem	No Problem
b) Financial:				
Local Currency Instability	No Problem	No Problem	No Problem	No Problem
Targets:				
a) Expansion of Sales:				
In EU/Developed Markets via Host Market Foreign Affiliate	No Target	No Target	No Target	No Target
b) Position in the Host Market:				
Longevity	Greatest Target	Greatest Target	Greatest Target	Greatest Target
Future Merging or Joint Venture	No Target	No Target	No Target	No Target
Company Sell Out	No Target	No Target	No Target	No Target
c) Parent Company Investments In:				
Developed Countries	No Target	No Target	No Target	No Target
Returns:				
Investment Returns Already:	High	High	Very High	Very High
More Investment Opportunities in Host Market vs Home:	High	High	Very High	Very High

Source: Author based on a survey data

For a list of the characteristics that were found to be significantly different across industries using Pearson parametric test or Kruskal-Wallis non-parametric test, see Appendix 16 (pp.326-329) which is in four parts 16(1), 16(2), 16(3) and 16(4).

[87] Please, note that push pull factors affect also services industry but in this part of the analysis we focus on common ones among industries.

To sum up, the common country OFDI characteristics related to Greek industries provide further support for what was discussed in chapter 4 (Country level analysis). The most interesting and, simultaneously, surprising characteristic is that all industries achieve good returns on investments and recognize good investment opportunities in neighbouring countries rather than in more developed countries.

These industries are aiming at achieving a long-term presence in the host market, and are not interested in sell outs or mergers. These industries are profitable, are not opportunists and care about company longevity and control in these markets. However, they are regional players, because their advantages in these markets cannot be successfully replicated in other developed markets. So, their advantages are regional rather than global.

The literature (Estrin and Uvalic, 2014) refers to institutional and political problems to explain the low level of FDI in SEE; in our case, institutional and financial difficulties, either initially or continuing, are not obstacles to their investments. This supports the argument that the ability to manage institutional idiosyncrasies in post-communist countries can be defined as innovation (Henisz, 2003).

Incentives, such as foreign company cooperation, company participation in host country privatization plans, bilateral agreements among post-communist countries and SEE regional business agreement initiatives, do not play a role for OFDI by Greek investors. These initiatives do not have even a low level effect on the decision to invest in these countries. They are not the primary reason for FDI.

Although firms' investments are horizontal, they are interested in supplying products from the home to the host market, not vice versa, thus, new products/services to supply the parent company or home country are not the reason for investment. This

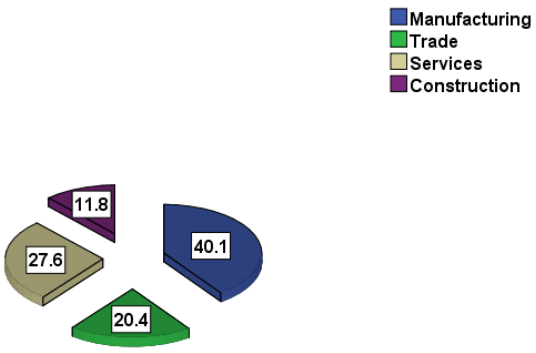
might indicate that production in the host markets would not meet the parent company's standards despite costing less. These firms' FDI are not just cost based; they represent a more complex strategy.

To sum up, the industries analysed are regional players, seeking long term positions in the host markets. The paradox is their good returns on investment, lack of institutional and financial problems in the host market, and ability to recognize further entrepreneurial opportunities, while investors from western markets tend to adopt a "wait and see" approach (Karagianni and Labrianidis, 2001). It seems that institutional issues in SEE are not the burden for Greek investors that they are for other western investors.

5.4 Does OLI Vary Across Industries?

In this section we explore industry specific determinants of FDI and whether and how the OLI categories and variables vary across industries. In our sample, we have 61 (40.1%) companies in manufacturing, 42 (27.6%) in services, 31 (20.4%) in trade and 18 (11.8%) in construction (see Figure 31).

Figure 31: Parent Industries - 4 Categories in %



Source: Author's Survey Results (based on 152 companies)

This section is structured as follows: We address OLI advantages in three subsections which include separate analyses of advantages that are industry specific, group shared, or common. Each OLI advantage is presented in a table that shows the variables that are significantly different across the four industries, based on Kruskal – Wallis test.[88] The letters in the 9th column (before the last one) of each row indicate

[88] Note that in this section the number of variables is smaller than in the previous sections. This is because we retained and explain only the variables related to the OLI framework. Additionally to Kruskal-Wallis tests, we have run Pearson Chi-Square tests to increase the validity and robustness of our results.

which of these proxies/variables is used to operationalise the traditional framework (O), which represents its expansions (E) and which are new (N). The last column also indicates which variables is industry specific (I), are common to two or more industries (Group), or are common to all four industries (Common).

The tables show the percentage of firms in our sample that indicated that they possess the respective Ownership, Location and Internalization advantage. We assume that an industry has a competitive advantage if approximately half of the companies in the industry have the respective advantage.[89]

[89]For practical reasons, the threshold value used is 44%. A level of 50% would result in a very small number of advantages.

5.4.1 Ownership Advantages in the Four Industries

Table 39. 1: Ownership Advantages in the Four Industries (Separated in Four Parts: 39.1, 39.2, 39.3 and 39.4)

It covers Ownership Advantages in the Four industries, (Operationalisation, Expansion, New advantages) (Industry, Common and Group Characteristics). X indicates either that the variable is not statistically significant, based on non-parametric tests or, in a few cases, that there is no variable that describes this category.

	Ownership-Specific Advantages (O) of an Enterprise of one Nationality (or Affiliates of Same) over Those of Another (Dunnings Categories)	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristics
1	(a) Property Rights and/or Intangible Asset Advantages (Oa)								
1A	The Resource (Asset) Structure of the Firm:			x	x	x	x		
1B	Product innovations:	Product & Service Differentiation/Diversity in the Home Market	*Deal With Competition in the Greek Market via Product/Service Differentiation than Competitors	84.7%	77.8%	100%	93.8%	O	Common
1C	Production Management:			x	x	x	x		
1D	Organisational & Marketing Systems:			x	x	x	x		
1E	Innovatory Capacity:	Technological Advantages in the Home Market	*Capacity to Use Specific Technology and Innovate in the Home Market	49.2%	9.7%	16.7%	33.3%	O	Industry
1G	Noncodifiable Knowledge:	Market Knowledge	* Market Knowledge In the Host Market (vs. Local and vs. Foreign Competitors)	29.5%	16.1%	19%	50%	E	Industry
1F	Accumulated Experience in Marketing, Finance, etc.:			x	x	x	x		
1H	Ability to Reduce Costs of Intra- and/or Inter-Firm Transactions (also influenced by Oi):			x	x	x	x		

Source: Author based on a survey, data verified by non-parametric tests

Table 39.2: Ownership Advantages in the Four Industries

	Ownership-Specific Advantages (O) of an Enterprise of one Nationality (or Affiliates of Same) over Those of Another (Dunnings Categories)	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristics
2 i	**Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot)**								
2i A	Those that Branch Plants of Established Enterprises May Enjoy Over De Novo Firms			x	x	x	x		
2i B	Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (eg, Economies of Scope & Specialisation)	M & A Activity	*Merging & Acquisitions of the Parent Company	77%	40%	74.4%	52.9%	O	Group
			*Mergings or Buy-Outs in the Foreign Affiliate after Establishment	16.4%	3.2%	21.4%	0%	O	Common
2i C	Exclusive or Favoured Access to Inputs (eg, Labour, Natural Resources, Finance, Information)			x	x	x	x		
2i D	Ability to Obtain Inputs on Favoured Terms (eg As a Result of Size or Monopsonistic Influence)			x	x	x	x		
2i E	Ability of Parent Company to Conclude Productive & Cooperative Interfirm Relationships			x	x	x	x		
2i F	Exclusive or Favoured Access to Product Markets			x	x	x	x		
2i G	Access to Resources of Parent Company at Marginal Cost			x	x	x	x		
2i H	Synergistic Economies (Not Only in Production, but in Purchasing, Marketing, Finance, etc Arrangements)			x	x	x	x		

Source: Author based on a survey, data verified by non-parametric tests

Table 39.3: Ownership Advantages in the Four Industries

	Ownership-Specific Advantages (O) of an Enterprise of one Nationality (or Affiliates of Same) over Those of Another (Dunnings Categories)	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristic
2ii	Which Specifically Arise Because of Multinationality								
2ii A	Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs	Degree Multinationality	*Company Presence (FDI) in:						
			a) European Union	52.5%	13.3%	48.7%	11.8%	O	Group
			b) Other Developed (except EU)	27.9%	3.3%	17.9%	5.9%	O	Common
			c) Central East European	49.2%	26.7%	64.1%	35.3%	O	Group
			d) Underdeveloped (except SEE & CEE)	49.2%	10%	51.3%	5.9%	O	Group
		Previous exporting	*Parent Company (Export/Other Investment Activities) Prior To Any Initial Foreign Affiliate Establishment	88.5%	53.3%	35.9%	29.4%	O	Group
2ii B	More Favoured Access to and/or Better Knowledge About International Markets (eg for Information, Finance, Labour, etc)			x	x	x	x		
2ii C	Ability to Take Advantage of Geographic Differences in Factor Endowments, Government Regulation, Markets, etc			x	x	x	x		
2ii D	Ability to Diversify or Reduce Risks			x	x	x	x		
2ii E	Ability to Learn from Societal Differences in Organisational & Managerial Processes & Systems (Also Influenced by Oi)			x	x	x	x		

Source: Author based on a survey, data verified by non-parametric tests

Table 39.4: Ownership Advantages in the Four Industries

	Ownership-Specific Advantages (O) of an Enterprise of one Nationality (or Affiliates of Same) over Those of Another (Dunnings Categories)	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristic
3	(c) Institutional Assets (Oi)								
3A	The Formal & Informal Institutions That Govern The Value-Added Processes Within the Firm, and Between the Firm and its Stakeholders			x	x	x	x		
3B	Codes of Conduct, Norms and Corporate Culture			x	x	x	x		
3D	Incentive Systems and Appraisal			x	x	x	x		
3C	Leadership and Management of Diversity			x	x	x	x		
	Ownership Advantages NEW	Links with Home Market Suppliers (Ohl)	*Company Cooperating Mostly With Other Greek Companies :						
			Operating in The Host Market	3.3%	3.2%	32.5%	44.4%	N	Industry
			Operating in S.E.E	0%	0%	12.5%	27.8%	N	Common
			Company Cooperating With Other Greek Companies Operating in the Host Market	38.3%	48.4%	75.0%	72.2%	N	Group

Source: Author based on a survey, data verified by non-parametric tests

We see first that the manufacturing companies have the greatest number of ownership advantages (7), followed by the services (6), construction (5), and trade (3), which indicates that manufacturing firms better fit the description proposed by the OLI framework. In addition, new ownership advantages fit better with construction and services firms.

Among the 13 significant variables, 9 are from the traditional OLI framework, 1 is expansion, and 3 are new.

Industry Specific Ownership Advantages

In manufacturing (Row 1E), we see that half of the firms have competitive technological advantages in the home market. In the construction industry (Row 1 G), we see that companies benefit from better knowledge of the host market than local and foreign competitors. Also, construction is the only industry with industry specific advantage in links (Row 3C) with home market suppliers (Ohl) and which mostly cooperate with other Greek companies in the host market. Thus, they exploit linkages in the host market, which are important since they reduce uncertainty. They exploit linkages and connections in the home market, in order to strengthen their position in the host market. For example, they have well-developed networks of contacts in the home market and, when deciding to invest in the host market, they use this network to facilitate the conduct of business and strengthen their competitive position in the new market. This advantage outweighs weaknesses such as low internationalisation levels (Row 2iiA). Among all these variables for industry specific ownership advantages, which are presented in the last two columns of Tables 39.1-39.4, the results reveal only one operationalised (O) for the manufacturing industry (Row 1E) whereas one

expansion (E) (Row 1G) and one new variable (N) (Row 3C) applies to construction industry. The other two industries do not show any industry specific advantages.

Group Ownership Advantages

The results reveal six ownership advantages which are 5 operationalisations (O) of Dunning's original list and 1 new (N) variable. More specifically, advantages of common governance and, especially, those resulting mainly from size (Row 2iB) due to parent company M&A activity in the home market, apply to the majority of manufacturing, service and construction firms**.**

In terms of ownership advantages that arise due to multinationality, which enhances operational flexibility by offering greater opportunities for arbitraging, production shifting and global sourcing of inputs (Row 2iiA) these are an advantage for manufacturing and services**.** This group of industries has FDI activities in the EU, CEE, and underdeveloped markets, which gives them further ownership advantages. In the same category of ownership advantages is the advantage from previous exporting links with the host market before establishment of the affiliate, and refers to the manufacturing and trade group. Moreover, trade, services and construction group of industries exploit collectively ownership advantages arising from cooperative links among Greek companies operating in the host market (Row 3C).

Common Ownership Advantages

In relation to common advantages, we see that all the firms are able to compete in the home market via product and service differentiation, which implies that they all have some ownership advantages in product innovation (Row 1B). This allows them to increase the value added of their products, thus, strengthening their competitive

advantage. They do not have common governance advantages through M&As in the host market (Row 2iB). All the firms present low degree of multinationality in other developed markets (except EU) (Row 2iiA). They seem not to have enhanced operational flexibility which, as OLI advocates, provides wider opportunities for arbitraging, production shifting and sourcing of inputs. This supports the hypothesis of the weak competitive position of these industries at the global level.

5.4.2 Location Advantages in the Four Industries

Table 40 present the results for location advantages (3 parts/pages, 40.1, 40.2, 40.3). At the end of each row we present the extent to which the variable is new, traditional or an expansion, and the percentages are the number of firms that possess these advantages. The final column in Table 40 shows whether the advantages are industry specific, common to all industries, or relevant to one group.

Table 40.1: Location Advantages in the Four Industries (Separated in Three Parts: 40.1, 40.2 and 40.3)

(3 parts/pages): Location Advantages in the 4 Industries, (Operationalisation, Expansion, New advantages) (Industry, Common, Group Characteristics). An x in the table means that it was not a statistically significant variable, based on non-parametric Tests, or in a very few cases there is no a variable which describes this category.

	Locational Advantages (OLI-Dunning Categories)	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristic
1	**Cost Related**								
1A	**Input Prices, Quality & Productivity** (e.g. Labour, Energy, Materials, Components, Semifinished Goods)			x	x	x	x		
1B	**International Transport & Communication Costs**	**Geographical Proximity**	*Prompt Raw Material Supply & Services Provision from the Parent Company	**67.2%**	**74.2%**	40.5%	**61.1%**	**E**	**Group**
1C	**Spatial Distribution of Natural & Created Resource Endowments and Markets**	**Export Opportunity in Neighborhood Markets**	*Export Opportunity in Neighbourhood Markets	**67.2%**	**45.2%**	35.7%	**50%**	**O**	**Group**
1D	**Economies of Agglomeration & Spillovers**	**Investment Opportunities**	*Foreign Company Cooperation Offered	0%	19.4%	9.5%	0%	**O**	**Common**
1E	**Artificial Barriers to Trade in Goods & Services** (e.g Import Controls)			x	x	x	x		
1G	**Infrastructure Provisions** (Educational, Transport & Communication)			x	x	x	x		

Note: Internationalisation here means mode of transaction via exports for manufacturing/ trade industries or other modalities e.g. turnkey projects for services/construction industries.

Source: Author based on a survey, data verified by non-parametric tests

Table 40.2: Location Advantages in the Four Industries

2	Institutional Related	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristic
2A	Cross-Country Ideological, Language, Cultural, Business, Political Differences	Cross Country Similarities & Differences in Culture & History	*Capacity to Deal Effectively With issues such as Nationality	85.2%	83.9%	90.5%	61.1%	O	Common
2 B	Legal & Regulatory System (e.g., Protection of Propriety Rights, Credible Enforcement)	Institutional:	*Capacity to Deal Effectively With Layoff Regulations	82%	93.5%	95.2%	100%	O	Common
2 C	Investment Incentives & Disincentives (Including Performance Requirements,etc.)	Demand Conditions	*Gaining Market Share	72.1%	87.1%	71.4%	50%	O	Common
			*Market Growth	77.0%	96.8%	90.5%	72.2%	O	Common
			*Capacity to Deal Effectively With Low Customer Purchasing Power in the Host Market	57.4%	35.5%	57.1%	83.3%	E	Group
		Unique Assets	*Asset Acquisition Investment (e.g. Machinery, Land)	29.5%	22.6%	7.1%	11.1%	O	Common
		Favourable Trade Agreements	*Favourable Trade Agreements (Bilateral or Multilateral)	37.7%	19.4%	0%	11.1%	E	Common
		Institutional	*Do Not Face Issues Such as Corruption of High Level Administration	70.5%	45.2%	83.3%	50%	E	Common
			*Do Not Face Issues Such as Corruption of Low Level Administration	73.8%	45.2%	83.3%	44.4%	E	Common
			*Capacity to Deal Effectively With Insecure Business Environment (Host Market vs. Home Market)	78.2%	65.5%	97.4%	52.9%	E	Common
			*Company Participation in Host Country Privatization Plan	19.7%	0%	9.5%	5.6%	E	Common
		Degree of Competition	*Low Competition in the Host Market	42.6%	74.2%	61.9%	61.1%	E	Group
		Financial Incentives Home and Host Market	*South East European Regional Business Agreement	4.9%	32.3%	7.1%	5.6%	E	Common
		Financial Disincentives	*Capacity to Deal Effectively With Poor Customer Payments	68.9%	58.1%	85.7%	88.9%	E	Common
2 D	Economic System & Strategies of Government			x	x	x	x		

Source: Author based on a survey, data verified by non-parametric tests

Table 40.3: Location Advantages in the Four Industries

3	Location Advantages NEW	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristic
3A		Home Market Pressures (Location Disadvantages)	*Compensatory Investment Due to Increase of Home Market Industry Competition	21.3%	**48.4%**	31%	**55.6%**	N	Group
			*Compensatory Investment for the Company's Home Market Share Reduction	18%	35.5%	9.5%	**55.6%**	N	Industry
3B		Linkages With Home Market Firms	*Following Customers/clients to the Host Market	6.6%	12.9%	**45.2%**	38.9%	N	Industry
			*Presence of Other Greek Public/Private Companies in the Host Market	29.5%	35.5%	**59.5%**	**61.1%**	N	Group

Source: Author based on a survey, data verified by non-parametric tests

Among the 21 indicators for location advantages (see column Variable name) found to be significantly different across the industries, 7 are from the traditional OLI, 10 are expansions and 4 are new. Two of the indicators are industry specific advantages, 6 are group advantages and 13 are common advantages. Thus, the OLI is particularly weak for explaining the differences in locational advantages across industries.

Industry Specific Locational Advantages

There are only two industry specific location advantages: both of them are new (N) location variables.

A new location advantage emerges for construction industry: compensatory investment for the company's home market share reduction (Row 3A). We also identified a new location advantage which is part of Linkages: following customers/clients to the host market (Row 3B). This is crucial for the services industry and shows firms' ability to follow their customers from the home market which develops further their location advantages.

Overall, there are new variables for characteristics of the construction and services industries, which are new part of the original eclectic paradigm. Also, the OLI framework overlooks adverse home market pressures that can shape locational (dis)incentives and the advantages that can arise from linkages with home market firms in the host market (Row 3A & B).

Group Locational Advantages

There are two cost, two institutional related and two new location advantages for our industry groups, only one of which is operationalised in the OLI. The other three are expansion (E) of the framework and two new (N) location advantages.

In relation to Dunning's categories and location advantages, only spatial distribution of natural and created resource endowments and markets and more specifically export/or other activity opportunities and prospects in neighbourhood markets are an advantage for manufacturing, trade and construction (Row 1C).

To extend the OLI framework, we add prompt raw materials supply and services provision from the parent company, which are advantages for the same group (manufacturing, trade and construction) of companies (Row 1B). All these cost related advantages are explained in part by production of tangible goods compared to intangible ones from the services industry.

The other two expanded OLI categories for group advantages are part of institutional related advantages and are in the category of investment incentives and disincentives (Row 2C). As already discussed, level of competitiveness is important for these industries. Hence, the degree of competition as a location advantage is an issue, and the low level of competition in the host market is an advantage for trade and services and construction[90]. Demand conditions in the host market and lack of difficulties, such as capacity to deal effectively with low customer purchasing power, are incentives for manufacturing, services and construction.

[90] Note, that this advantage could be considered a common advantage, for manufacturing the real figure is 42.6% which is 1.4% lower than our threshold level of 44%.

Finally, there are two new location advantages which can be considered group advantages. As already mentioned, we developed a category called home market pressures (location disadvantages). In this new OLI category, compensatory investment due to increased home market industry competition is an advantage shared by the trade and construction firms (Row 3A). This group of industries perceives FDI as a form of compensatory investment in the host market. The second advantage is linkages with home market firms, which is a source of advantage for services and construction (Row 3B). We have discussed the significance of presence of other Greek public/private companies in the host market. These new categories affect groups of companies and are not part of the OLI framework.

Note that only one variable from the classical OLI framework is operationalised (O), the rest are expansions (E) and new (N) locational advantages.

Common Locational Industry Advantages

Location advantages include 13 common industry advantages, 6 operationalisations (O) of the original Dunning category and 7 expansions (E).

We start by discussing the variables that are operationalised (O) in the OLI framework. Locational advantages from economies of agglomeration and spillovers and, particularly, the potential for foreign company cooperation (Row 1D), and issues related to lay off regulations based on legal and regulatory systems (Row 2B), are not relevant for Greek investors. They also do not consider differences/similarities in culture and history are a hindrance to their FDI (Row 2A).

In the case of investment incentives and disincentives (Row 2C), the OLI category includes successfully operationalised variables that describe demand conditions,

especially the opportunity for market growth and the opportunity to gain market share. Finally, all firms do not consider the opportunity for asset acquisition as a location advantage.

In relation to the extended OLI for the investment incentives and disincentives (Row 2 C) category and, particularly, favourable trade agreements and SEE regional business agreements are unimportant for all of them. None of our industries is hindered by institutional issues (corruption) or/and financial disincentives (Row 2 C). In addition, all of them possess the capacity to deal effectively with insecure business environment.

The most important finding is that in this category there is the highest number of operationalised variables from the original Dunning locational categories. Although there are no new location variables that apply to all our industries, there are seven expansions which reveal further common industry characteristics.

5.4.3 Internalization Advantages in the Four Industries

Table 41 present the results for internalization advantages. At the end of each row we present which variable is new, traditional (operationalisations) or an expansion, and the percentages are the number of firms that possess these advantages. The final column in Table 41 shows whether the advantages are industry specific, common to all industries, or relevant to one group.

Table 41: Internalization Advantages in the Four Industries

	Internalization Advantages (I) Dunning's Categories	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristic
1A	To Avoid Search & Negotiating Costs	Previous Relationship with the Host Country	Imports-Exports	62.3%	32.3%	4.8%	11.1%	O	Industry
1B	To Avoid Costs of Moral Hazard & Adverse Selection and to Protect the Reputation of the Internalizing Firm	Why FDI and Not Any Other Indirect Investment (Investment Security, Control & Quality, Direct Customer Contact, Opportunism Avoidance, Lack of Skilled Companies/Personnel, Other	Investment Security, Control & Quality	46.4%	57.1%	25.6%	16.7%	O	Group
1C	To Avoid Cost of Broken Contracts & Ensuing Litigation								
1D	Buyer Uncertainty About Nature & Value of Inputs (e.g. of Technology Being Sold)								
1E	When Market Does Not Permit Price Discrimination								
1F	Need of Seller to Protect Quality of Intermediate or Final Products								
1G	To Capture Economies of Interdependent Activities (Influenced by Ot)								
1H	To Compensate for the Absence of Future Markets								
1K	To Avoid or Exploit Government Intervention (Quotas, Tariffs, Price Controls, Tax Differences, etc.)								
1L	To Control Supplies & Conditions of Sale of Inputs (Including Technology)	Foreign Affiliate Merging Type with the Parent Company (Vertical FWD, BWD, Horizontal, Diversified)	Horizontal	81.7%	90.3%	81%	77.8%	O	Common
1M	To Control Market Outlets (Including Those Which Might be Used by Competitors)								
1N	To be Able to Engage in Practices, Such as Cross-Subsidisation, Predatory Pricing, Leads & Lags, and Transfer Pricing as a Competitive (or Anticompetitive) Strategy.								
	Internalization Advantages (New)	Our Category	Our Variable Name	Manufacturing	Trade	Services	Costruction	O=Operationalisation E =Expansion N=New	Advantage for: I=Industry C= Common G= Group Characteristic
1	Financial and Legal Links Between Parent and Foreign Affiliate	Protective Relationship Between Parent Company & Foreign Affiliate	FDI Autonomous Relationship Which Protects Both the Parent Company and the Foreign Affiliate	24.6%	65%	28.6%	55.6%	N	Group

Source: Author based on a survey, data verified by non-parametric tests

Industry Specific Internalization Advantages

Internalization advantages that arise from previous investment relationships with the host country apply only to manufacturing (Row 1A) and are due to the industry's "tangible nature". In other words, they are an advantage for this industry because they allow learning from the market and avoid search and negotiating costs before their FDI, which is a high cost activity. They have internalized the market by going on to invest after exporting to the host country.

Group Internalization Advantages

Another operationalisation of Dunning's categories involves the avoidance of moral hazard and adverse selection costs, and protecting the reputation of the internalizing firm (Row 1B), which applies to the manufacturing and trade industries. They see FDI as an investment that will provide them with the appropriate investment security, control and quality over their product/services. So why do the other two industries not value security control and quality as highly? In the case of services, the primary reason for FDI is direct customer contact, while for construction industry the reasons are not specified.[91]

Another interesting result for internalization advantages is the new advantage (Row 1) which emerges for the case of autonomous companies. As already explained, autonomous companies are a new type of FDI where the parent company, due to negative home market conditions or due to uncertainty in the host market, proceeds to an FDI, but with no financial or legal links between the parent company and the

[91] See Appendix 16 (2) Results Industries verified by parametric and non-parametric tests (p.327)

foreign affiliate, which protects both companies. This new type of internalization advantage is enjoyed mainly by the trade and construction industries.

Common Internalization Advantages

There is one common internalization advantage that arises from the desire to control supplies and conditions of sale of inputs (Row 1L). We operationalise Dunning's advantage by asking about foreign affiliate merger type with the parent company (vertical forward, backward, horizontal and diversified). Our results show that all industries have engaged in horizontal integration which allows them to increase the scale of their production and lower their production costs. However, in the Greek case, it should be noted that the home market share has been declining, so increasing sales in the host market does not necessarily imply increased scale of production, but rather an attempt to maintain it at the same level, by compensating for lost share in the home market.

5.5 Summary Findings for OLI Across Industries

Overall, the empirical findings show that the traditional OLI cannot be used interchangeably to describe the behaviour of all industries. Rather, we have demonstrated that there are industry specific advantages, advantages common to all industries, and advantages for selected groups. We have demonstrated also that there is a need for operationalisation, expansion and addition of new sub-categories to the original OLI framework.

If we scrutinize the findings in more detail, in relation to ownership advantages, we see that 13 variables (industry, group common advantages) are significant for industries; of these, 9 are from the traditional OLI framework, 1 is an expansion, and

3 are new. Across the four industries, we see that manufacturing companies have the greatest number of ownership advantages (7), followed by the services (6), construction (5), and finally trade (3), which indicates that manufacturing firms show a better fit with the description proposed by the OLI framework. The new ownership advantages fit the trade, construction and services industries better.

In relation to locational advantages, we see that among the 21 indicators found to be significantly different across the industries, 7 are from the traditional OLI, 10 are expansions and 4 are new. In addition, 2 are industry specific advantages, 6 group advantages and 13 are common advantages. Therefore, we can say that the OLI shows weaknesses in relation to explaining the differences across industries for location advantages.

In relation to internalization, we found one operationalisation variable that was significant for each grouping, i.e., one at the industry level, one for a pair of industries, and 1 that is common to all four industries. The new internalization advantage which refers to autonomous companies is a group advantage. This means that this significant outcome covers features of more than one industry not included in traditional OLI. However, this part of OLI is relatively underdeveloped and shows that these factors are not strong determinants of OFDI.

5.6 Explaining Industry Differences Using the Amended OLI and the Push and Pull Framework

In this section we organize the OLI framework variables that are statistically significant into the push and pull framework[92]. This is based on the empirical novelty of Greek OFDI, which shows that OFDI is not only an expression of ownership advantages. We argue that Greek OFDI is also pushed abroad by stronger competitive pressure at home. This means that Greece differs from emerging market MNCs (China, India, etc.), which, though lacking strong ownership advantages and receive high IFDI, are pulled by opportunities to compensate for lacking types of ownership advantages by going abroad. We do not see these compensatory mechanisms in operation in the case of Greek outward investors.

To try to get a clearer picture of the impact and significance of each of the push and pull factors, we run a logistic regression model.[93] We created a four-level categorical variable, with each level representing a given industry. The ideal model is a multinomial regression; however, our sample does not allow multinomial regression analysis, because of the small number of construction firms. We decided to construct a new category that combines manufacturing and trade, primarily because of overlaps between the manufacturing and trade industries discussed in the previous sections. Trade companies can be considered export arms of the manufacturing industry; e.g., companies that produce building materials, pharmaceutical products or agricultural products such as fertilizers in the Greek market, use the host market as a distribution channel for their products. We group construction and services together because of

[92] We ran logistic regressions using OLI variables. However, the results are neither meaningful nor significant compared to those using the push pull variables reported. Please, see appendices 18 up to 18.3 (p.331-334) for the logistic regression results with dependent variable Industry and OLI variables.
[93] See Appendix 19 for Correlation Matrix of the Model Greek OFDI in Industry Level (p. 335)

their similarities. We group construction and services together because of their similarities. Although the key feature of the construction industry is generation of physical assets its economic 'product' is de facto a service, i.e. construction services, which like other services are non-tradable. The construction industry assembles the good produced by other economic sectors and, therefore, is categorized as a 'service' industry.[94] Note that, according to the North American Industry Classification System of the US Census Bureau (Fernández-Solís, 2009) the construction industry belongs is categorized as a service sector. Also, the World Trade Organization (2015) includes construction and other engineering services in its services database.

We conduct a new operationalisation of the data by creating a dependent binary variable: industry type which is coded as follows:

- if industry type=0, then the company belongs to the manufacturing or trade industry;
- if industry type=1, then the company belongs to the services or construction industry.

We created a logit model to explain whether specific push and pull factors are significant for explaining the firm's industry membership. If the results are significant they point to industry differences in the determinants of FDI.

The results of our model are illustrated in Table 42.

[94] See, Ofori, G. (1990, p.21). The Construction Industry: Aspects of Its Economics and Management, Singapore University Press, for a further discussion,

Table 42: Logistic Regressions - Industry

	Logistic Regression - Industry Binomial							
	(Manufacturing & Trade) Vs (Services & Construction)		Model-A exp	Model-A b/p	Model-B exp	Model-B b/p	Model-C exp	Model-C b/p
Push Factors	Proxies	From Home Market						
	Adverse Demand Conditions :	Changes in Customer's Habits	.915	-.089	.915	-.089		
			.828		.828			
		De-Industrialization in the Home Market	.349*	-1.053*	.349*	-1.053*	.418**	-.873**
			.051		.052		.047	
	Increased Production Costs in the Home Market :	Input Costs	1.137	.128	1.144	.134		
			.675		.655			
		Fixed Costs	.525*	-.644*	.528*	-.638*	.581*	-.544*
			.090		.088		.063	
	Adverse Institutional Environment :	Credit Time Payment Between Supplier - Customer	.480**	-.735**	.481**	-.732**	.477***	-.740***
			.016		.016		.005	
	Increased Competitive Pressures :	Competitors' Use of Different Management Models	.653	-.426	.652	-.427		
			.502		.501			
Pull Factors	Proxies	From Host Market						
	Geographical Proximity:	Fast Raw Material Supply & Services Provision from the Parent Company	.492**	-.710**	.489**	-.716**	.515***	-.664***
			.032		.028		.019	
	Financial Motives Provided by the Host Market :	Low Cost of Labour Force	1.015	.015	1.065	.063		
			.979		.845			
		Low Cost of Other Factors of Production/Services	1.065	.063				
			.920					
	Financial Motives provided by the Home Market & Regional Institutions :	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	.420*	-.866*	.421*	-.866*	.417**	-.875**
			.066		.066		.022	
	Linkages:	Presence of Other Greek Public/Private Companies in the Host Market	2.130**	.756**	2.138**	.760**	2.270***	.820***
			.031		.030		.009	
		Following Parent Company's Customers in the Host Market	1.326	.282	1.321	.278		
			.395		.399			
	Asset Acquisition:	Asset Acquisition Investment	.387**	-.950**	.390**	-.942**	.374**	-.983**
			.044		.042		.015	
		New Products/Services for the Parent Company	0.864	-.146	.851	-.162		
			.743		.700			
	Institutional Specificities:	Regional Integration via Host Country participation in EU	1.301	.263	1.295	.258		
			.355		.357			
Control Variables	Proxies							
	Company Age	Establishment Year	3.054***	1.116***	3.055***	1.117***	2.961***	1.086***
			.004		.004		0.001	
	Company Size	Number of Employees (for the Company Group)	.889	-.118	.898	-.108	.806	-.216
			.778		.790		.491	
	Country of Investment	Invest in Bulgaria/Invest in FYROM	1.777	.575	1.807	.592	1.313	.273
			.569		.552		.758	
	Headquarters Base	North or South Based Company	.634	-.456	.613	-.490	.445	-.809
			.646		.599		.340	
Tests		constant	22.427	3.11	22.569	3.117	43.639	3.776
			.351		.351		.176	
	N		130		130		130	
	Hosmer and Lemeshow Test		.842		.841		.986	
	Cox & Snell R Square		.502		.502		.487	
	Nagelkerke R Square		.698		.697		.678	
	-2 Log likelihood		62.147[a]		62.158[a]		65.451[a]	
	df_m		19		18		11	
	chi2		75.34		75.329		72.843	
	aic		102.15		100.16		91.45	
	bic		155.79		151.12		126.43	
	legend: * p<.1; ** p<.05; *** p<.01							

Source: Author's Survey,

Table 42 presents the results for three different specifications of our theoretical model. Across all specifications, we see that there are push and pull factors that might

explain whether the company is from the manufacturing/trade or services/construction industries. Overall, the above models are all significant based on the Hosmer-Lemeshow test, and the various other specification tests we conducted. There are no major differences in the results of our models, which points to the robustness of our findings.

The most efficient model is model (C) since it has the smallest number of variables for a given level of observations, and the largest log likelihood, and also does not reject the null hypothesis of the Hosmer-Lemeshow test (see Table 42, p-value greater than 0.05). We observe that, although the number of independent variables decreases significantly across the models, there is no major reduction in either the Cox & Snell or the Nagelkerke R squared, which indicates that the variables dropped were statistically insignificant.

Starting with push factors, we see that increased production costs in the home market, and adverse demand conditions and institutional environment, are significant in our analysis. In particular, as fixed costs increase in the home market, the probability that the investor is in the manufacturing or trade industries increases. Therefore, we see that increases in costs influence manufacturing and trade companies more than services and construction firms. The same interpretation applies to credit time payment; investors in the manufacturing and trade industries face significantly bigger problems related to credit time payment in the home market, which pushes them to invest in a foreign market. Finally, de-industrialization in the home market affects this group of industries, so an increase in de-industrialization in the home market pushes manufacturing and trade industries to invest in the host market, more than the services and construction group.

In terms of pull factors, we observe that geographical proximity, linkages, asset acquisition and the various financial motives provided by the host market are all significant for explaining industry differences.

As geographical proximity increases, so does the probability that the firm belongs to the manufacturing or trade sector. This can be explained by the fact that prompt delivery of raw materials and support trade services from the home market company are crucial for business. The typical strategy of Greek investors from these industries is to minimize inventory costs by maintaining low stocks of their products in the subsidiary in the host market, and then, based on demand fluctuations, to supply the required materials. In order to achieve this in the most cost effective way, investors aim to locate the subsidiary as close as possible to the parent firm. The nature of their business shows that this factor is more important for manufacturing and trade companies.

In terms of linkages, we see that the presence of Greek companies in the host market increases the probability that the company belongs to the services or construction sector. This is explained by linkages that are more easily exploited by services and construction firms, due to the nature of their business. For example, many Greek banks ask their software system providers to support them in the host market - generally for software security reasons. Also, many legal and construction companies are driven abroad by the presence of other Greek public/private companies in the host market and their linkages in the home market.

Also, linkages are not generally a motive for manufacturing and trade firms, but are considered an average motive for the services and construction industries.

Bilateral agreements refer to particular legislation implemented in FYROM and the other ex-Yugoslav countries in order to keep the tariffs at a low level of around 1%-3%. This is a particularly strong incentive for manufacturing and trade companies, because they can maximize the benefits from these agreements.

Lastly, asset acquisitions are important for manufacturing and trade firms and particularly manufacturing companies that aim primarily at acquiring factories in the host countries. For example, in interview, a Greek firm owner explained that he wanted to invest in these companies in order to acquire their high tech and relatively new machinery at lower than the market price in other more developed areas.

For the control variables, we see that the younger the company, the more likely it will be in the services or construction industry.

Overall, push and pull framework operates efficiently to classify industry membership. Industry specific push factors include cost pressures, deindustrialization, and liquidity problems. Pull factors include presence of Greek companies in the host market, fast raw materials provision from the parent company, bilateral agreements with post-communist neighbours, and asset acquisition investment.

5.7 Conclusion

The aim of this chapter was to understand whether the OLI operates differently in the context of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions). The main conceptual contribution we make is to consider that firms that decide to internationalise do not necessarily have strong ownership advantages. While this argument is in line with the literature on emerging market MNCs (Mathews 2002; 2006b) the novelty of our approach is that Greek outward investors are not pulled only by opportunities abroad to develop their ownership advantages, they are also pushed abroad and do not necessarily significantly improve their ownership advantages. In these respects, Greek outward investments are examples of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions) rather than examples of opportunity driven internationalisation, as demonstrated in the case of emerging market MNCs.

This chapter explored industry differences and the industry relevance of the OLI framework. Our aim was to understand if the OLI varies across industries. To achieve this, we operationalised the original OLI framework with specific variables. We enriched the traditional framework through the inclusion of new categories and additional variables for the conceptual categories proposed by Dunning. This was done to obtain a better proxy in the specific context of Greek OFDI. The new variables were not envisaged in Dunning's original OLI framework. Our new variables and categories mostly relate to ownership and location advantages. We should mention that in our pilot study many internalization advantages could not be applied to Greek OFDI. Hence, we incorporate new internalization advantage which

refers to subsidiary or autonomous relationship between parent and host company is a significant outcome.

Our operationalisation was driven by the need to undertake empirical research within the OLI conceptual framework. However, faced with the generic and abstract nature of the OLI categories this was not a straightforward task. We had to operationalise Dunning's categories and expand them by proposing new variables and new sub-types of ownership advantages (categories). In particular, in O categories, property/ intangible advantages, governance advantages and institutional advantages, we created 23 new sub-categories (it includes 13 expanded variables and 8 new variables).

In relation to new categories, we added the category of market knowledge. While the traditional view of ownership advantages is largely confined to supply side factors, we consider knowledge of local markets as an important element, especially in the case of "forced internationalisation"(i.e. OFDI affected also by negative home market conditions), an important new sub-category of ownership advantages**.** We added links (linkages) with home market suppliers as a new sub-category of ownership advantages which is largely overlooked in the OLI. Links with home country suppliers are not simple synergies and, thus, are not part of governance advantages.

In terms of locational advantages, we created two categories: costs and institutions. Within costs, we operationalised and expanded Dunning's list. For institutions, we added several indicators, to try to capture the rules of the game, which can generate cost differences. As new location categories, we added home market pressures; this proxy tries to capture the significance of the competition in the home market that pushes the company to invest abroad. We also added a location specific factor - the

potential to create linkages with other Greek companies in the host market. A country with a sizeable presence of Greek companies can be perceived as offering locational advantage due to potential spillovers among Greek investors.

Lastly, internalization advantages are much less differentiated and include 12 stand-alone categories. In this case, we operationalised Dunning's variables and added one new variable which emerged from the pilot study, which showed that most of the internalization variables did not apply to the Greek context.

The next step is to test which of these operationalisations, expansions and novelties are empirically proven by the data. To achieve this, we conducted a statistical analysis for each industry in order to understand which OLI factors are main to them. We examined which factors are common to more than one industry and to all four industries (i.e. at country level). Overall, we found that the OLI varies significantly across the four industries, and across all pairs of industries; therefore, it can be argued that it is an "eclectic" framework since parts of it can be used selectively to explain various differences.

After identifying the variability in the Operationalisation of the OLI, we applied a logistic regression with the OLI variables. However, the results were neither meaningful nor significant. Thus we use our proposed framework to understand the FDI behaviour of firms in different industries. We created two groups of industries which are quite similar - manufacturing and trade, and construction and services. Our results show that both push and pull factors are significant for explaining the FDI behaviour of these industries, and provides further evidence of "forced internationalisation"(i.e. OFDI affected also by negative home market conditions).

Chapter 6: Greek OFDI Examined at Firm Level

FDI is considered a crucial element of economic growth and has been well researched. Currently, there are conventional theories explaining international production, and one key theoretical framework. These are new trade theories (Dixit and Stiglitz 1977, Krugman 1979, Ethier 1982, Helpman 1984, Krugman 1985, Krugman 1991, Dunning 1995, Krugman 1995, Markusen 1995, Markusen and Venables 1998, Ietto-Gillies 2000, 2007, 2012, 2014), the market power approach based on Hymer (1976); the product life cycle theory developed by Vernon (1966; 1979); internalization or transaction cost theory derived from Coase (1937); the internationalisation process model based on Penrose (1995) and developed by the Uppsala School (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977; 1990; 2009); the investment development path proposed and developed by Dunning and Narula (1996); and the eclectic paradigm or OLI framework proposed by Dunning (1979; 1980; 1988; 1995; 2000; 2001), which encompasses the main theoretical contributions.

The breadth of the OLI framework means it has undergone many revisions and extensions, one of which was proposed by Mathews (2002; 2006a; 2006b; 2006c) and labelled the LLL, and accounts for how emerging market MNCs are able to compensate for missing advantages. In both the OLI and LLL frameworks, FDI is perceived as an expression of the competitive power of the investing firm. However, neither of these work well in situations where investors go abroad without having advantages, or situations described as "forced internationalisation"(i.e. OFDI affected also by negative home market conditions). This applies to Greek FDI in the Balkans,

where Greek firms had "pervasive disadvantages" according to the advantages described in the literature.

In an attempt to improve the OLI framework, in Chapter 4 we provided a country level (i.e. investors investing in Bulgaria and investors in FYROM) analysis and in chapter 5 an industry level (i.e. Investors from Manufacturing, Trade, Services and Construction industries) analysis of the importance of pull factors and home market push factors that force companies to internationalise.

In this chapter, we explore the operationalisation of the OLI framework in the context of "forced internationalisation" (i.e. OFDI affected also by negative home market conditions) by differentiating among different types of firms. We propose two firm typologies and explore the relevance of push and pull factors, established at the aggregate level, for Greek FDI. We hypothesize that aggregate push and pull factors may operate differently for different types of firms. Some push and pull factors may be general, i.e. valid for all firms, while others may be firm specific and, thus, differentiated.

6.1 Applying the OLI to Greek FDI

The main framework used to determine the decision to invest abroad is OLI. We apply the OLI to the case of Greek FDI in the SEE region to identify the main ownership, location and internalization advantages accruing to Greek investors that decide to invest in Bulgaria and FYROM.

Our survey includes a specific set of questions to identify firms' OLI advantages. The list of questions and their relation to OLI advantages is provided in Appendices 20-25. Table 43 summarizes firms' OLI advantages based on the survey.

Table 43: Summary of the OLI Advantages Based on Our Survey[95]

O-advantages		L-advantages		I-advantages	
	Firms Describing Advantage (%)		Firms Describing Advantage (%)		Firms Describing Advantage (%)
Management Competencies in the Host Market	76%	Enterpreneurial Opportunities	97%	Greenfield (Mode of Entry)	70%
Internationalisation (Exports or other Investment Activities Prior To FDI)	61%	Capacity to Deal Effectively with Financial/Political Problems	84%	Whole or Majority Acquisition (Mode of Entry)	20%
Internationalisation (only FDI) (C.E.E & S.E.E (except FYROM/BG) & Underdeveloped Markets)	43%	Capacity to Deal Effetively with Other Problems	81%	Joint Venture with Local/Foreign Entrepreneurs (Mode of Entry)	10%
Internationalisation (only FDI) (EU & Other Developed Markets)	28%	Capacity to Deal Effectively with Institutional Problems	79%	Previous Trade Relations with the Host Country before their FDI	34%
Cost Advantage in the Home Market	34%	Capacity to Deal Effectively with Risk Factors	79%	Investment Security, Control & Quality (Reasons for Choosing FDI)	39%
Parent Company's Technology Advantages	30%	Host Market Incentives	68%	Direct Customer Contact (Reasons for Choosing FDI)	23%
Tangible Assets in the Host Market	29%	Capacity to Deal Effectively with Human Capital Lack & Infrastructure	63%	Other (Reasons for Choosing FDI)	20%
Intanbigle Assets in the Host Market	28%	Geographical Proximity	50%	Opportunism Avoidance (Reasons for Choosing FDI)	11%
Advantages Through Synergies in the Host Market	26%	Negative Home Market Pressures as a L-Advantage/Motivation	29%	FDI in Order to Deal Effectively with Lack of Skilled Companies/Personnel (Reasons for Choosing FDI)	7%
Brand Name in Host Market & Barriers of Entry for Future Competitors (Market Power Advantages)	21%	Financial Motives	22%	Home Market Internalisation Advantages (via M & A's)	66%
				Host Market Internalisation Advantages (via M & A's)	13%
				Horizontal (Merging Type With Parent Company)	83%
				Vertical BWD (Merging Type With Parent Company)	6%
				Vertical FWD (Merging Type With Parent Company)	2%
				Diversified (Merging Type With Parent Company)	9%

Note: Internationalisation means via exports for manufacturing/trade industries or other modalities e.g. turnkey projects for construction /services industries.

Source: Authors Survey Results (based on 152 companies)

[95] A complete list of the sub-questions used to construct the table is provided in Appendix 21-23 (pp.338-340). An analytical example of proxy "management competencies" is provided in Appendix 24 (p.341) and an analytical example of proxy "geographical proximity" is provided in Appendix 25 (p.342).

Ownership Advantages

Table 43 column 1[96] lists the potential ownership advantages of the companies in the home and host markets. We observe that roughly 76% of the companies in our sample declare that having some kind of ownership advantage emanating from their management competencies. To proxy for management competencies, we asked questions about the firm's day to day operations (11 questions for 1 proxy, related to initial and current problems).[97] We asked firm managers whether they experienced initial difficulties in acquiring local market knowledge on establishing a company in the host market, and if they currently faced problems. Four possible scenarios were identified:

1. A negative response to both questions indicated the presence of ownership advantages.
2. Indication of initial problems which resolved later on suggests the presence of ownership advantages.
3. If they had no problems when they entered, but experienced problems in the host market, they had no ownership advantage.
4. A positive response to both questions indicates the absence of ownership advantages.

The second most frequently cited ownership advantage is internationalisation, which refers to exporting or other investment activities (e.g. for services industry, turnkey

[96] For a full list of the variables used to construct ownership advantages, see Appendix 21 (p.338)
[97] See Appendix 24 (p.341) for the 11 questions used to construct the proxy for management competencies in Table 43.

projects) prior to the initial FDI. In our sample, 61% had previous experience, thus, we assume that they have some ownership advantages.

With the exception of exports, we assume that the extent of ownership advantages varies according to foreign affiliate establishment (FDI) and especially the host country; a company with FDI activities in an EU15 country (i.e. developed and competitive market) should have stronger advantages than one that invests in a SEE country. We asked in which countries they have investment experience, and found that only 28% had invested in a developed market, and roughly 43% had investments in CEE and SEE markets. We found no other categories of ownership advantages that were shared by a significantly large number of the firms in our sample.

Location Advantages

Based on the OLI framework, the second major groups of advantages are related to location (Table 43).[98] Almost all of our companies (97%) perceived entrepreneurial opportunities in the host market compared with the home market. Moreover, host market incentive advantages (68%), were related to a large customer base, potential for market growth or expectation of potential returns on their investment.

In addition, these firms declare capacity to deal effectively with problems in the host market (e.g. financial/political, institutional, human capital lack & infrastructure, other more general problems and risk issues)

The next most frequently cited location advantage was geographical proximity (50%). To capture this, we included classic factors, such as similar culture and outlook as in the home market, and others such as ability to have a daily physical presence in the host market allowing better control over the new investment, and presence of other Greek companies in the host market which facilitates the creation of a familiar environment.[99]

Internalization Advantages

Among internalization advantages (Table 43),[100] a first group of variables examines the company's mode of entry. We found that most companies enter the market via greenfield (70%), i.e. they establish an entirely new company in the host market. Only 34% of the sample had previous trade relationships (imports or/and exports) with the

[98] See Appendix 22 (p.339) for a full list of the variables used to construct location advantages.
[99] See Appendix 25 (p.342) for the questions used to construct the geographic indicator.
[100] See Appendix 23 (p.340) for a full list of the variables used to construct internalization advantages.

host market before their outward FDI. Both these findings contradict the theories elaborated in Chapter 2.

The third group of questions aimed at understanding what causes the firm to enter a host market through FDI rather than franchising or licensing. Most firm managers replied that the main motivation was to increase their control over the company, improve the quality of the product, and increase the security of their investment (39%).

In terms of prior M&A activity, we observed that more than half of the parent companies had some previous experience of M&As (66%), which implies that they had some knowledge of the process and, thus, some potential internalization advantages.

Also, 83% of Greek parent companies are horizontally integrated with the foreign affiliate, which is advantageous for selling their products in the new markets, but disadvantageous for creating value added in the production process.

Overall, we can conclude that the Greek companies that invest in FYROM and Bulgaria had no superior ownership advantages when they decided to invest in the market, and did so simply because they perceived some entrepreneurial opportunities in these countries compared to the home market, which pulled them to invest there. This, combined with pressures in the home market, suggests that these companies were "forced to internationalise".

6.2 A New Typology of Firms: Crisis, Healthy, Lead, Satellite

Based on our statistical results, we demonstrate that there is sufficient evidence of the weakness of OLI to explain the "forced internationalisation" (i.e. OFDI affected also by negative home market conditions) of Greek FDI activities in FYROM and Bulgaria. Before rejecting the OLI framework, we repeat the analysis based on a new typology of firms[101]; by testing the relevance of OLI for different types of companies we hope to demonstrate its limited relevance for explaining the determinants of Greek FDI. Following the pilot study, we observed significant differences in the entrepreneurial behaviours of the various investors. Some were leaders in the Greek market others were Greek outward investors that had problems in the home market. We observed that some companies invested in FYROM/Bulgaria simply because they wanted to follow their primary customers. To capture some of these differences we propose a new typology of firms: Crisis vs. Healthy, and Lead vs. Satellite.

Before testing the OLI framework with these new classifications, we need to understand the characteristics of these types of companies. To maximize efficiency, reliability and replicability in our analysis we adopted the following method:

1. We conducted Mann-Whitney or Pearson Chi-square tests on the responses to all the questions in the survey (almost 500), to check for statistical differences between the responses of the two groups of companies.[102]

[101] Additionally to our current methodology we have run factor analysis for our sample. The results from factor analysis are inconclusive (please see appendix 26 pp.343-365). However, this increased the validity and robustness of our employed methodology.

[102]For a full list of Crisis vs. Healthy, and Lead vs. Satellite descriptive results verified by Mann Whitney, or Pearson chi square tests, see Appendix 27(1), 27(2), 27(3), 27(4) (pp.366-369).

2. The statistical differences identified were distributed across the following categories:
    a. Parent company characteristics and behaviour in the home market (including problems in the home market, and internationalisation experience);
    b. Foreign affiliate characteristics and behaviour in the host market (which includes FDI motives, problems and prospects in the host country).
3. To complement the analysis and provide a better understanding of each new typology, we conducted a small case study of one company from each new firm type (a crisis, a healthy, a lead and a satellite company), that encompassed most of the different characteristics identified.

6.3 Crisis vs. Healthy Investors

Crisis investors are companies that invested in FYROM or/and Bulgaria in order to compensate [103] for losses in the home market. To identify them, we asked the following questions:[104]

Which of the following factors were the main incentives for your investment?

- A "market counter-balance/off-set" investment due to increased competition in the home market;

[103] By "market counter-balance investment" (or "market compensation investment") we mean the company's investment in the host market in order to make up (to compensate) for home market losses.

[104] To increase the validity of our classification, we asked companies if they also faced increasing pressure in the home market since 2004, such as industry shrinkage or/and competition, and if these pressures were the main reason for investing in new markets.

- A "market counter-balance/off-set" investment due to the reduction in home market share.

A positive answer to both questions indicated a crisis firm, since the investment was driven primarily by the need to survive. The remaining firms are regarded as healthy, since there is no indication that these companies faced a crisis in the home market which means FDI was their strategic option. This resulted in 75 (49.34%) of companies classified as Crisis and 77 (50.66%) categorized as Healthy.

Characteristics of Crisis Investors

Parent Company Characteristics (Crisis Investors) and Behaviour in the Home Market [105]

These companies come from all four industries (Manufacturing, Trade, Services and Construction) with very small presence in the Greek stock market. Almost equally invest in FYROM and in Bulgaria.

Most crisis companies faced increased competition[106] in the home market, mainly from Greek counterparts (75%). [107] They are mostly not worried by foreign competition (35%) in the Greek market.[108] This might be due to the market segments in which crisis companies operate, which involve low profit margin products which are of little interest to foreign competitors. To cope with the competition, crisis

[105]For list of the descriptive data discussed in this section and verified by Mann Whitney and Pearson's chi-square tests see appendix 27 (1) column Crisis Investors (p.366).

[106] (Which is a factor for their internationalisation 79%) and they see their FDI as a compensatory investment from this adverse home market conditions, see appendix 27 (1) column Crisis Investors (p.366).

[107] See, Appendix 27 (1) (p.366) Crisis "Behaviour in the Home Market Column Crisis Investors".

[108] See, Appendix 27 (1) (p.366) Crisis "Behaviour in the Home Market Column Crisis Investors".

companies tend to lower the prices of their products (or services) (45%).[109] They face pressures from high wage costs, credit payment time [110] and poor customer purchasing power in the home market.[111] The deindustrialization of the Greek economy is not a pressure for these crisis companies.[112]It may be that for individual companies the effects of deindustrialization are long-term and structural rather than a short-term market phenomenon.

Looking at their internationalisation experience, we can see that the vast majority of crisis investors do not have any significant experience in internationalisation except in exporting 55.7%[113].

Foreign Affiliate Characteristics (Crisis Investors) and their Behaviour in the Host Market[114]

The companies in our sample invest mostly in trade in the host market. The main factors that attract crisis companies to the host market are weak competition in the host market, large customer base, and potential for high market growth of products/services. They are motivated also by geographical proximity, which facilitates tight control and close contact between the home and the host company. Geographical proximity allows investors to have a continuous physical presence before and after the FDI. It facilitates learning about market processes in the host market, especially if companies have no experience of foreign investment. The

[109] See Appendix 27 (1) (p.366) Crisis "Behaviour in the Home Market" Column Crisis Investors.
[110] By credit payment time we mean the time from sale of the product/service to receipt of payment. The standard time in Greece is 60-90 days; anything over 100 days is considered problematic.
[111] See Appendix 27(1) (p.366) Crisis "Behaviour in the Home Market" Column Crisis Investors.
[112] See Appendix 27(1) (p.366) Crisis "Behaviour in the Home Market "Column Crisis Investors.
[113] *Exports for manufacturing and trade industries or *other modalities e.g. turnkey projects for services and construction industries. See Appendix 27 (1) (p.366) Crisis "Behaviour in the Home Market" Column Crisis Investors.
[114]For a full list of the descriptive data discussed in this section and verified by Mann Whitney and Pearson's chi-square tests see Appendix 27 (2) (p.367) "Behaviour in the Host Market" Column Crisis Investors.

interviewees made it clear that the struggle to survive in the Greek market, in a rather unstable financial environment, had equipped them with the abilities to manage institutional idiosyncrasies in foreign markets effectively. So despite having no internationalisation experience, experience "under pressure" conditions at home had led to the accumulation of entrepreneurial business capabilities which were a major incentive for investment.

Another characteristic of crisis investors is the autonomy given to the foreign affiliate. The conventional view suggests that companies establish affiliates in host markets and have ownership rights, but that real control varies depending on the degree of autonomy given to the subsidiary. However, our research shows that half the crisis companies were autonomous entities over which they had absolute management control, but no formal legal and financial rights. This allows the entrepreneur to protect both the parent and foreign affiliate from financial and legal risks, so that a business failure of either (parent or affiliate firm) leaves the other unaffected.

In relation to problems in the host market, the only issue reported (as an initial problem related to their investment) was untrustworthy business partners. A few (24%) cited problems related to lack of business information and difficulty to make accurate business plan forecasts.[115] They do not see adverse institutional, supply or demand home market conditions (initially or currently) as problems for efficient company operation. Thus, we can say that crisis investors do not face any major problems in their host market operations.

[115]See Appendix 27 (3) (p.368) Crisis "Behaviour in the Host Market "Column Crisis Investors.

Although crisis investors are pushed to invest in a foreign market, this does not necessarily imply failure in the host market. The data[116] show that most of these investors were on track in relation to their investment plans, and enjoyed positive returns and prospects on their investments; they detected more investment opportunities in the host than in the home market and envisaged continuing business success in the host market. Thus, despite being forced to internationalise, crisis investors have successfully exploited this opportunity.

A Typical Crisis Investor

The company was founded in Southern Greece pre-1950, and is involved in the manufacturing industry and, particularly, production of mechanical parts for industry. It is 100% Greek owned, and has experience of M&A. In terms of its international market focus, the company has been exporting to SEE, the Arab area, and some EU countries. Since 2001, the company has been investing abroad, focusing exclusively on SEE, particularly Bulgaria, Romania and Albania.

In the home market, the company has been facing increased competition from newly established Greek companies, and imports of cheaper Chinese products. The newly established companies engage in price competition by charging prices below costs, which brings down the prices in the market. Profit margins become even more squeezed, which creates more market distortion since profits do not necessarily reflect real costs and profitability.

The company cannot compete on costs or prices, only on product and service differentiation. Thus, it invests in R&D, but still faces unstable home market conditions.

[116] See Appendix 27 (4) Crisis (p.369) "Behaviour in the Host Market" Column Crisis Investors.

The Greek market for manufactured goods has experienced significant shrinkage, which has further increased the pressures the company faces. Also, the Greek environment is becoming increasingly less favourable for firms, in particular due to the wave of deindustrialization of the Greek economy, and the reduction in domestic consumers' purchasing power. At the same time, the credit payment time between customer and producer has increased, which is creating liquidity problems for the company, which have spread to its suppliers. As a response to the liquidity problems, the company has begun identifying customers based primarily on their ability to meet their financial obligations. This has caused a further reduction in the company's client base and constitutes an extra hindrance to its operations. Finally, both operating costs and taxes have increased.

Given all this, in 1998 the company decided that in order to survive it would have to expand abroad; it believed that a successful foreign investment might compensate for some loss of profit in the Greek market. After 30 months of careful strategic planning, it took a low risk approach and invested in Bulgaria.

It sees Bulgaria as the ideal destination since it has prior trade relations, and the region where the factory is located has a relevant knowledge base. The firm was attracted by the large customer base, low level of competition and market growth potential. It considers Bulgaria a business friendly environment, since it is able to cooperate with other Greek companies there.

It decided on greenfield investment rather than licensing or franchising, in order to have better quality and control over its investment, and avoid problems related to opportunism. The new subsidiary is vertically integrated backward, and the new

factory produces some mechanical parts that were not previously produced in Greece, but are used by the Greek plant to produce the mechanical systems.

However, the investment was not without problems. There were problems with the banking sector, the grey market, and customs. Over time, these problems have been displaced by others related to the labour laws, and poor customer repayment. Bureaucracy and the poor customer purchasing power have been on-going problems.

Nevertheless, the new subsidiary has been more profitable than expected with very positive business forecasts. However, the Bulgarian market has become more competitive, but this is not a sufficient problem for the firm to exit the market, and the investment is considered a longer term one. The company's executives feel that this investment has improved their management competencies and further strengthened the firm's competitive advantages, in both the home and host markets.

Characteristics of Healthy Investors

Parent Company Characteristics (Healthy Investors) and Behaviour in the Home Market[117]

Healthy investors are mostly involved in manufacturing (51.9%) and services (33.8%). Most of the companies employ large numbers and half are listed on the Athens stock exchange. Most are based in the South of Greece (Athens) (76.6%), which is more industrial and more developed economically. The companies in this more developed home market area prefer to invest in other developed and competitive areas, such as Bulgaria (81.8%), rather than FYROM.

More than half of the companies face competition due to an increase in the number of Greek or/and foreign competitors in the home market. In terms of the home market

[117]For all these percentages, see Appendix 27 (1) (p.366) Column Healthy Investors.

environment, most of these enterprises are dominant players, with R&D departments, M&A experienced and increasing market share (68.9%).

Healthy companies have wide internationalisation experience; they operate subsidiaries in Central East Europe (CEE), and nearly half also have foreign affiliates in the EU, and in underdeveloped markets. Their internationalisation experience is evident in their export activities, which involved the EU and/or other developed and underdeveloped markets prior to their first foreign affiliate establishment.

Foreign Affiliate Characteristics and Behaviour in the Host Market[118]

The main incentive for Healthy investors to invest in the host market is the potential for market growth of their products. Weak competition in the host market is less of an incentive than for Crisis firms, which might be attributable to the fact that this group has already internationalised in other more competitive markets such as the EU and CEE. Unlike Crisis investors they are not squeezed in local market and, thus, strong competition is not a major driver, but is primarily a market opportunity.

Healthy companies prefer the typical subsidiary relationship (which means legal and financial links with the parent company) between the home and host market companies. They do not experience major problems in the host market.

A Typical Healthy Investor

The company belongs to the service industry, was founded in Athens and employs around 400. It is exclusively Greek owned, and has some M&A experience, particularly acquisitions. It has its own R&D department which acquires, creates and differentiates its own technology.

[118]For all these percentages, see Appendix 27 (2) (p.367) Column Healthy Investors.

In the home market, it faces increased competitive pressures from new Greek firms and foreign firms. It is also worried by high taxes.

In response to competition, the company aims to differentiate its products rather than engage in price competition, since it believes it possess competitive advantage in provision of high quality services.

The main reason for internationalisation is that the company perceives its local market to be saturated, and sees no scope for expansion in Greece. This differs from crisis investors which feel the market to be squeezed rather than saturated.

After 1992, the company embarked on an internationalisation process aimed primarily at the CEE and SEE countries. The company was active in Bulgaria, Serbia, Bosnia, Albania, Kosovo, FYROM, Slovenia, Slovakia, Croatia, Romania, Moldova, and Ukraine. In terms of its EU market, it is present only in Cyprus and is not allowed to enter other Western markets according to a regional agreement with its suppliers.

In 1992, after six months of intensive research, and using exclusively Greek capital, it established its first subsidiary in Bulgaria. This company was the parent company's first internationalisation attempt. The mode of entry was through greenfield investment, primarily because it wanted good control over the services provided.

The affiliated company employs around 60 people, and is horizontally integrated with the parent company. Instead of selling a limited range of products and services, the subsidiary provides the full range of the parent company's output. It has a typical subsidiary relationship with the parent company. Initially, the products were supplied by the Greek parent company; however, over time, the subsidiary changed its

suppliers and moved towards emerging markets. In terms of company performance, the company has remained profitable, and continues to reinvest in the host market.

The choice of the Bulgarian market was driven primarily by the host market's growth, and an attempt to establish barriers to entry for potential future competitors. Another important motive was the regional agreements between the company and suppliers with respect to potential expansion to some markets. The choice of Bulgaria was driven also by geographical proximity to the home market which facilitates learning, and by Bulgaria's low cost labour supply.

The company's entry to the host market was accompanied by various problems including lack of infrastructure, bureaucracy, frequent changes to investment law, political unwillingness to solve investor problems, currency instability, crime, lack of specialized human capital, and high investment risk compared to the other SEE countries. Most of these problems except finding high quality labour have been resolved.

The company is facing increased competition in the home market from both foreign and other Greek companies; as a response to these pressures it is trying to exploit its leadership status. In order to be successful in the market, it believes that key factors are management and technological competences.

It faces low capital risks and the overall the business environment has stabilized. Were the subsidiary to collapse, this would have little impact on the parent company.

In terms of prospects, there is no possibility of moving the company's headquarters to Bulgaria, and the company is expecting to increase its profitability and potentially make the subsidiary even more profitable than the home market company. Both the

headquarters and the subsidiary are considering expansion into other countries in the area. Finally, the company's commitment to the Bulgarian market is demonstrated by the fact that it wants to invest in the development of human capital and infrastructure, especially an R&D department and new products and services.

Testing the OLI for Healthy and Crisis investors

Before rejecting the OLI framework, we examine whether there are differences between crisis and healthy companies in terms of OLI advantages based on Pearson's chi-square tests Table 44 summarizes the results.

Table 44: Crisis and Healthy Investors in the Context of OLI

Proxies	Variable description	Crisis	Healthy
	Ownership Advantages		
Management Competence in the Host Country Compared to the Home Country, (In % Those Entrepreneurs That Did Not Face, or Solve These Problems, Thus an Advantage for Them)	Capacity to Deal Effectively with Quality and Productivity Issues in the Foreign Affiliate	61%	76%
	Capacity to Deal Effectively with Lack of Business Information Flow	72%	88%
	Capacity to Deal Effectively with Internal Company's Rearrangements & Employee Training in the Foreign Affiliate	80%	94%
Internationalisation Parent Company Foreign Affiliate Presence in :	European Union	27%	49%
	Other Developed (except E.U)	6%	29%
	Central East European	36%	57%
	Underdeveloped (except S.E.E & C.E.E)	20%	52%
Cost Advantage in the Home Market (In % Those Who Proceed)	Product/Service Price Lower Than Competitors	46%	21%
	Location Advantages		
Negative Home Market Pressures as L-Advantage/Motivation (New Modification)	Compensatory Investment Due to Increase of Home Market Industry Competition	53%	14%
	Compensatory Investment for the Company's Home Market Share Reduction	47%	1%
Geographical Proximity	Close Control Between Parent Company & the Foreign Affiliate	80%	58%
	Business Know-How in the Host Country	76%	60%
	Capacity to Deal Effectively with Transport Costs	92%	99%
Financial/Political Problems in the Host Market (In % Entrepreneurs That Did Not Face or Solve These Problems, Thus an Advantage for Them)	Capacity to Deal Effectively with Frequent Investment Law Changes Inadequate To Protect Investors	71%	84%
	Capacity to Deal Effectively with Banking System Inefficiency	85%	95%
	Capacity to Deal Effectively with High Tariff Costs	84%	95%
Negative Location Advantages (In % Entrepreneurs That Did Not Face or Solve These Problems, Thus an Advantage for Them)	Capacity to Deal Effectively with Low Customer Payments	69%	88%
Risk Factors (In % those Who Consider the Host Environment Secure)	Secure Business Enviroment Host Market (vs. Home Market)	67%	92%
	Internalization Advantages		
Home Company Experience in M&A (In % Those Who Proceed)	Merging & Acquisition Parent Company Advantages	54%	77%
Host Company Experience in M&A (In % Those Who Proceed)	Merging & Acquisition Foreign Affiliate Company Advantages	4%	22%

Source: Author based on a survey, data verified by parametric tests

We ran chi-square tests to understand whether there are statistical differences between crisis and healthy investors. Table 44 presents only the results for those factors where significance tests differ between the two types of investors. Overall, we found no major differences between crisis and healthy investors in terms of OLI advantages, since among the 122 variables tested only 20 were found to be significantly different. As expected, healthy investors tend to have better ownership advantages than crisis firms, with the exception of particular variables which we also discuss below and which, in our view, explain the essence of the story.

The ownership advantage that was more developed for crisis investors compared to healthy firms was cost advantage in the home market. In other words, crisis investors are better at cutting costs than healthy firms, which indicates that these companies base their competitive advantage on low cost rather than product differentiation.

In relation to management competencies, 61% of crisis investors had the capacity to deal effectively with issues such as lower productivity in the host market compared to their home market company. A similar percentage of healthy firms (76%) did not face such problems. Similarly, 72% of crisis and 88% of healthy investors faced no problems with business information flow in the host market; In addition, had the capacity to deal effectively with quality and productivity issues in the foreign affiliate. (in case of a company acquirement) 80% of crisis and 94% of the healthy.

In relation to location advantages, the first groups of variables of interest are those that define the groups, i.e. the sources of the compensatory investment. We see that more crisis investors than healthy ones are driven to these markets because they face difficulties in the home market. The difference is dramatic in terms of reduction in home market share, where we see that almost no healthy firms regarded that as an incentive to invest in FYROM and Bulgaria. However, we would point out that this negative home market pressures which operates as L-advantage/motivation is our expansion of the OLI framework to better capture the behaviour of these firms in the context of "forced internationalisation"(i.e. OFDI affected also by negative home market conditions). In addition, we find that crisis investors need to have better control over their affiliate companies. Executives argued that the closer the host market to the home market, the more likely FDI will be successful. We hypothesized that companies would prefer to invest closer to the home location to enable better control of the foreign affiliate due to easier commuting. What we observe is that crisis companies are more interested in this location advantage, most likely because of their lack of internationalisation experience.

Another interesting result for location advantages is that crisis investors tend to have better business know-how on the host market compared to healthy investors. The interviews show that healthy companies were not keen to enter a chaotic business environment, which they saw as less than optimal. In contrast, crisis investors who are driven primarily by the need to survive, have no choice but to expand into such markets; therefore, they develop the necessary know-how and they manage the time consuming institutional idiosyncrasies of the host market, which allows them to survive there.

We see also that neither healthy investors nor crisis firms face financial or political problems in the host market. In relation to negative location advantages, crisis investors are affected more than healthy ones. Also, more healthy investors have the capacity to deal with risk factors in the host business environment.

It seems that more healthy investors are internalizing their advantages in the home market via M&As, compared to crisis firms.

We observe that crisis investors are "forced to internationalise" and possess weaker conventional ownership advantages, such as internationalisation advantages, than their healthy counterparts. They compensate for these problems through close day–to-day contact between the parent company and the affiliate, which, in combination with their survival in the home market, makes them keener to be successful in the host environment and manage its idiosyncrasies. Finally, it could be argued that crisis investors, despite their weak performance in the home market, still make profits in the host market and have prospects for further expansion in other transition countries e.g. CEEs[119].

Although OLI is not able fully to explain the behaviour of Greek investors, we decided to employ a logistic regression to analyse the new typology of firms and their OLI determinants. The results were not significant[120].

So, in order to compensate for the OLI's weakness in explaining the behaviour of Greek investors, we decided to test the push-pull framework developed also in previous chapters. The rationale of this framework is that the FDI decision can be

[119] See Appendix 27 (1) (p.366) & 27 (4) (p.369) Crisis "Behaviour in the Home Market" Column Crisis Investors.
[120] See Appendix 28 Logistic Regression Model, New Typologies of Firms: Healthy Vs. Crisis and the use of OLI variables (pp.370-373).

explained by integrating in the analysis the problems the company faces in the home market which push it to internationalise (push factors) and the favourable host market conditions that attract the company to that particular market (pull factors).

To test our framework we ran a logistic regression of the determinants of FDI, where the dependent variable is 0 for healthy and 1 for crisis investors. We test whether the determinants of FDI differ significantly between healthy and crisis investors.

The results of the various model specifications are presented in Table 45.

Table 45[121]: Logistic Regression Crisis Vs. Healthy Investors

Logistic Regression - Crisis Vs Healthy Investors							
Crisis Vs Healthy Investors		Model A b/p	Model A exp	Model B b/p	Model B exp	Model C b/p	Model C exp
Proxies	PUSH FACTORS (From Home Market)						
Adverse Demand Conditions :	Low Customer Purchasing Power	.363	1.437	.279	1.321		
		.150	.150	.227	.227		
	De-Industrialization in the Home Market	0.732**	2.079**	0.842***	2.322***	0.967***	2.631***
		.015	.015	.005	.005	.000	.000
Increased Production Costs in the Home Market :	Wage Costs	.096	1.101				
		.704	.704				
	Input Costs	0.439*	1.551*	.296	1.345	0.307*	1.360*
		.072	.072	.171	.171	.072	.072
Adverse Institutional Environment :	Credit Time Payment Between Supplier - Customer	.225	1.253	.230	1.259		
		.290	.290	.220	.220		
	Tax Policy	-.051	.950				
		.827	.827				
Proxies	PULL FACTORS (From Host Market)						
Geographical Proximity:	Business Know-How in the Host Country	-.173	.841	-.039	.961		
	Close Control Between Parent Company & Foreign Affiliate	.539	.539	.860	.860		
		.105	1.111				
		.696	.696				
Lack of Competitive Pressures:	Low Competition in the Host Market	-.004	.996				
		.984	.984				
Positive Demand Conditions	Large Customer Base	.098	1.103				
		.675	.675				
	Market Growth of Parent Company's Products/Services	0.500*	1.648*	0.632***	1.881***	0.594***	1.811***
		.101	.101	.014	.014	.004	.004
Institutional Specificities:	Regional Integration via Country's Position in Relation to EU Membership	-.119	.888	-.086	.917		
		.600	.600	.675	.675		
Proxies	CONTROL VARIABLES						
Company Size	Number of Employees for the Company Group	-.266	.767	-.251	.778		
		.247	.247	.222	.222		
Industry Type	Manyfacturing-Trade Vs Services-Construction	1.689**	5.410**	1.479**	4.387**	1.307**	3.697**
		.046	.046	.043	.043	.016	.016
Country of Investment	Invest in Bulgaria/Invest in FYROM	2.857***	17.415***	2.457***	11.671***	2.830***	16.942***
		.002	.002	.003	.003	.000	.000
Headquarters Base	North or South Based Company	.788	2.198	.701	2.016		
		.286	.286	.288	.288		
	constant	-6.127***	0.02***	-6.051***	0.02***	-5.745***	0.03***
		.013	.013	.004	.004	.000	.000
N		130		130		130	
Hosmer and Lemeshow Test (Sig)		.072		.112		.724	
Cox & Snell R Square		.467		.431		.336	
Nagelkerke R Square		.622		.575		.449	
-2 Log likelihood		78.764[a]		90.287[a]		119.679[a]	
df_m		16		11		5	
chi2 (Omnibus Tests of Model Coefficients)		65.372		62.060		50.436	
aic		112.76		114.29		131.68	
bic		157.72		146.69		148.55	
legend: * p<.1; ** p<.05; *** p<.01							

Source: Author based on a survey

[121] See Appendix 29 (p.374) Correlation Matrix of the Model Variables Crisis Vs. Healthy (Greek OFDI in a Firm Level Analysis).

The three alternative models of the push/pull factors are presented in Table 45. For each model, we include also the results of the Hosmer-Lemeshow test. In all of the models, the p-value of the significance test is higher than 0.05, which implies that all three specifications are valid. We see also that, although the number of independent variables decreases significantly across the models, there is no major reduction in either the Cox and Snell or Nagelkerke R squared, which indicates that the dropped variables were statistically insignificant. The best model in terms of efficiency is model C, which has the smallest number of variables for a given level of observations and the largest log likelihood. Lastly, in all the specifications we use robust standard errors to account for the presence of heteroscedasticity.

The main finding from the above model is that both push and pull factors are useful determinants of the probability of our company being crisis or healthy. In particular, we find that the more severe the demand conditions in the home market, the more likely the company will be a crisis investor. More specifically, as the deindustrialization process increases, so does the probability of being a crisis investor. Both of these results confirm the previous analysis on the importance of push factors as key determinants of the behaviour of crisis investors. Another important factor for explaining the behaviour of this typology is input costs; the higher the input costs the higher the probability that the company is in crisis. This is in line with our initial suggestions that crisis investors are primarily driven by cost considerations.

Among pull factors, we see that positive demand conditions in the host market are more likely to attract crisis than healthy investors. In particular, when we asked executives whether the market growth of the parent company's products/services was

a motive for the investment, those who answered highly motivated were more often crisis investors.

Lastly, among the control variables we see industry type and country of investment are all important for determining type of investor. Firstly, healthy investors tend to be active in manufacturing and trade. Similar to our previous findings, healthy investors tend to be more active in Bulgaria. Overall, the results confirm the relevance of the distinction between healthy and crisis investors which are driven by different determinants to go abroad. Finally, it seems that crisis investors which have stronger push factors than healthy ones are escape investors, while the latter type of firms are more expansion investors.

6.4 Satellites vs. Lead Investors

The pilot study showed that many Greek enterprises based in Bulgaria and FYROM, invited home business collaborators to follow and support them in these new markets. In interviews, "follower firms" tended to argue that their business partners pushed them to invest into these markets. Examples of such partnerships are:

- Entrepreneurs inviting legal or advertising consultants;
- Telecommunication companies inviting hardware and software support system companies;
- Greek bankers inviting automation companies to support their banking systems or courier companies to support their internal mail systems.

A similar concept is proposed in the literature by Resmini (2000, p.671) "their presence in foreign markets is not the consequence of an independent choice, but the

result of a follow-the-customer strategy". Also, O'Farrell Wood et al. (1998, p.46) argue that: "Evidence that some firms were pulled abroad by clients internationalising offers some support for network approaches". Therefore, we propose a new classification of satellite and lead companies based on the responses to the following question:

Which of the following factors were the main incentives to your investment?

- Following your Home Market Customers in the Host Market[122]

Satellites are companies that said that following their home market customers to the host market was a large or high incentive for investing in FYROM or Bulgaria. The remaining investors are classified as lead companies because they are pioneer investors in the host market not followers. This result in 26 satellites and 126 lead companies. Of course, not all lead companies were followed by satellite companies. However, we classify them as lead companies since they are neither followers nor satellites.

Characteristics of Satellite Investors [123]

Satellites belong mainly to the services industry (42.3%), and most were established after 1970. The majority originates from Southern Greece and is rarely listed in the Athens Stock Exchange market.

[122] Possible Answers: 1=No incentive, 2=Low incentive, 3=Moderate incentive, 4=Great incentive, 5= The highest incentive.

[123] For percentages, see Appendix 27 (1) (p.366) "General Company Characteristics", Column Satellite Investors.

Parent Company Characteristics and Behaviour in the Home Market[124]

More than half of the companies have been involved in takeovers, but have faced increased competition from newly established Greek firms. Also, they perceive that the quality of competing products has increased, which puts pressure on their performance.

Foreign Affiliate Characteristics and Behaviour in the Host Market[125]

Their decision to invest was based primarily on the information provided by their business partners (85%). The strongest motive for investment was the presence of other Greek companies in the host market, and the potential for growth in the host market. Most of these companies used greenfield entry to the host market (92.3%). Almost none of satellite companies (4%) used loans for their start up investment.

Unlike lead investors, satellite firms believe that they possess various competitive advantages in the host market with regard to their foreign competitors. In particular, they think that they have better business know-how, high skilled personnel with the ability to create and adapt new technologies/products/services, and better management competences.[126] Satellite companies cooperate mainly with other Greek enterprises in the host market.[127] Also, although satellite investors were pulled by their business partners, they consider expansion to other markets a strategic opportunity to expand, building on their extensive business contacts and networks with the rest of SEE.[128] Lastly, they believe that the host company's main competence factors in a transition

[124]For percentages, see Appendix 27(1) (p.366) "Behaviour in the Home Market", Column Satellite.
[125]For percentages, see Appendix 27(2) (p.367) "Behaviour in the Host Market", Column Satellite.
[126]For percentages, see Appendix 27(3) (p.368) "Competitive Advantages in the Host Market over Foreign", Column Satellite.
[127]For percentages, see Appendix 27 (4) (p.369) "Cooperation": Column Satellite.
[128]For percentages, see Appendix 27 (4) (p.369) "Prospects": Column Satellite.

economy are management and technology expertise.[129] Like other groups, satellites do not face major problems when operating in the host market.[130]

A Typical Satellite Company

The company was founded in 1991 in Southern Greece, and employs around 35 people. It is wholly Greek owned, and belongs to the services sector. It specializes in telecommunications. It is not listed on the Greek Stock Exchange. It has some experience of joint venturing. It has an in house R&D department, and is focused on developing its skills.

In the home market, it faced increased levels of competition primarily from new Greek enterprises. Larger firms were expanding rapidly, increasing the pressures on the company. In response, it engaged in price competition, attempting to minimize its labour costs and diversify its products.

The high levels of competition led to decreased market share, which was the motivation for seeking new markets in foreign countries. At the same time, its lead customers were starting to expand internationally, and were asking for the company's support in these foreign markets. As the volume of business abroad started increasing the satellite company realized that it would be better to follow its lead customers abroad and to establish a new company in a foreign market. Thus, it decided to engage in FDI activity.

Its first internationalisation experience was in 2000, when the company expanded to SEE. The choice of markets was primarily driven by its lead customers whom were operating in these markets. Because of this, it devoted very few resources to

[129]For percentages, see Appendix 27 (4) (p.369) "Management Competences": Column Satellite.
[130]See Appendix 27 (3) (p.368), "Problems in the Host Country Initial & Present".

researching the market (less than 3 months) and faced generally much lower establishment costs relative to other companies which were not pulled by customers.

In 2003, the satellite company established a subsidiary in FYROM, a market in which it had no previous experience. However, FYROM had some attractive features, including the presence of other public enterprises, low levels of competition and ability to create barriers to entry that would prevent potential future entry by competitors.

It decided on greenfield investment, primarily to avoid any appropriation of its technologies. The affiliate employs around 30 people and is focused mainly on construction and support for telecommunication projects. The company works only with Greek suppliers, and follows and invests in the same market as the leader.

In general, the company faces no major problems in FYROM and has met its initial return targets. However, interviewees complained about problems related to finding skilled labour in the local market, the bureaucracy and the political environment. It referred also to competition in the host market from other Greek companies operating in FYROM.

It seems that the satellite firm was pulled by following its lead customers. However, this was not the only driver of its FDI; due to its strong presence in the host market, it felt able to expand to new markets, particularly transition markets.

Characteristics of Lead Investors

These companies are mainly in the manufacturing industry (45.2%) and almost half are listed on the Athens stock exchange (40.8%).[131]

[131]For Percentages, see Appendix 27(1) (p.366) "Behaviour in the Home Market" Column Lead.

Parent Company Characteristics and Behaviour in the Home Market[132]

They have been very active in takeovers, and are facing increased competition from newly established Greek firms.

Foreign Affiliate Characteristics and Behaviour in the Host Market [133]

Lead companies, mainly in manufacturing, invest in trade (41.3%), and view these foreign affiliates' as export arms. Most of these companies were established via greenfield investment (65.1%).[134]

Lead companies invest mainly in these markets because they believe in the potential for continuous market growth expansion and a large customer base. Lead companies also invest in the host market in order to expand their market share. Moreover, the low cost of labour and other factors of production seem to be an incentive for these enterprises to invest in the host market.

Lead investors view potential advantages in the geographical proximity of these markets. In particular, they believe that by investing in a nearby country they will have a better understanding of the local market conditions, which they can convert into business know-how. These firms believe also that geographical proximity facilitates control by the parent of the foreign affiliate.

The majority of these investors[135] do not believe that they have a competitive advantage over foreign host market investors in product/service adaptability, know-how, management competencies and skilled personnel. They do not believe they have

[132]For Percentages, see Appendix 27 (1) (p.366) "Behaviour in the Home Market" Column Lead.
[133]For Percentages and Likert scale results, please, see Appendix 27 (2) (p.367), "Behaviour in the Host Market" Column Lead.
[134]For Percentages, see Appendix 27 (4) (p.369), "Cooperation", and Column Lead.
[135]For percentages, see Appendix 27 (3) (p.368)"Competitive Advantage in the Host Market Over Foreign", Column Lead.

competitive advantage in ability to create new technologies, products and services in the host market.

In general lead investors have faced no major obstacles to their operations in the host market except low customer purchasing power. Satellite investors do not face this problem because they have their own customers and established relationships whereas lead investors have to forge new customer relationships in the host market.

A Typical Lead Investor

The company was founded in Southern Greece before 1950, and is in the telecoms sector. It is listed on the Athens Stock Exchange, is 100% Greek owned and has solid experience of M&As. It is prestigious in the Greek market and enjoys a large market share. Like satellite investors, it has an in house R&D department, acquires technology which it then modifies, and focuses on developing high margin knowledge intensive products. It was facing increased competition from new Greek and foreign enterprises, mostly on prices. The lead firm responded by cutting costs and differentiating its product, but still faces an unstable market and a continuing trend of reduced market share.

As a result of these pressures in the home market, the company decided to invest abroad. Its investment activities include various projects in SEE countries and emerging CEE markets. It sees these markets as favourable and offering growth potential, large customer bases, and almost no competition. These relatively unsaturated markets are considered an opportunity to exploit first mover advantages and establish some barriers to entry.

In 2001, it established a subsidiary in FYROM through greenfield investment in order to avoid loss of proprietary technology. After some delay due to licensing issues, the

company became operational in 2003, and quickly met its profit targets. The small geographic distance between Greece and FYROM facilitated transfer of technology and business know-how between the companies and also, at that time, tax conditions in FYROM were favourable.

Although the company was soon making a profit, it experienced problems with its operations related in particular to bureaucracy, poor purchasing power of customers, and delays in payments from customers. Nevertheless, the company aims at a lengthy presence in the market, and plans to expand to other SEE markets based on confidence in their growth potential.

Testing the OLI for Lead and Satellites

We next examine whether there are major differences in OLI advantages between lead and satellite investors. Table 46 presents the number of companies in each category of OLI advantages, based on Pearson's chi-square and Mann Whitney tests.[136]

Table 46: Lead and Satellite Investors in the Context of OLI

Proxies	Variable description	Lead	Satellite
	Ownership Advantages		
Linkages	Mostly With Other Greek Companies Operating in The Host Market	5.7%	65.4%
	Mostly With Other Greek Companies Operating in S.E.E	1.6%	30.8%
	With Other Greek Companies Operating in the Host Market	44.7%	100.0%
	Location Advantages		
Geographical Proximity	Close Control Between Parent Company & the Foreign Affiliate	73%	50%
Linkages	Presence of Other Greek Public/Private Companies in the Host Market	34.9%	80.8%
	Excellent Business Contacts in the Host Country	19.2%	38.5%
	Following Parent Company's Customers in the Host Market	6.3%	100.0%
Financial Motives Provided by the Host Market :	Low Cost of Labour Force	69.8%	46.2%
Financial Motives Provided by the Home Market & Regional Institutions :	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	24.6%	0.0%
Institutional Specificities:	Company Participation in Host Country Privatization Plan	13.5%	0.0%
	Internalisation Advantages		
Previous Trade Relations with the Host Country	Imports - Exports	38.1%	15.4%
Mode of Entry in the Host Market	Greenfield	65.08%	92.31%
	Whole or Majority Acquisition	23.81%	3.85%
	Joint Venture with Local/Foreign Entrepreneurs	11.11%	3.85%

Source: Author based on a survey, data verified by parametric tests

[136] 14 out of 122 variables verified by parametric tests.

Starting with ownership advantages, we see that for satellites, cooperating with Greek companies in the host market is of vital importance. Lead investors also cooperate with some Greek companies in the host market, but almost none (5.7%) cooperates mainly with Greek companies in the host market. This finding supports our lead and satellite classifications, showing that satellites, which we define as firms following their business partners, also mainly cooperate with Greek companies in the host market. This behaviour is likely due to satellites' lack of other ownership advantages. For satellites to invest, it is crucial that the host market is a familiar environment in order that they can replicate and exploit their already established linkages.

In terms of location advantages, our argument about the importance of familiarity of the environment for satellite investors is further supported; 80% of them consider the presence of other Greek companies in the host market as an incentive to invest in the country. We see that low cost labour in the host market and the potential for close foreign affiliate control is more important for lead investors, than for satellites. This can be explained by the fact that lead companies are interested in exploring new markets, while satellites, which are followers, aim to support their home market customers through their expansion. The entrepreneurs in the satellite category explained that, the "costs" of not supporting their customers also in the host market creates more problems for their long-run market share in the home market e.g. eventually, some other company will be able to support lead companies in both markets. In relation to other location advantages, we observe that, as expected, satellites have better business contacts than lead firms in the host market, since their primary way of creating competitive advantage is through linkages, and networking activities. The last location advantage for 100% of satellites and just 6.3% of lead

investors is following the parent company's customers, which again confirms our lead-satellite taxonomy.

For internalization advantages, we see that almost all the satellite companies enter the market through greenfield investment.

This comparative statistical analysis shows that the OLI has limited power to explain the behaviour of companies classified in this way[137]. We next test our proposed framework of push and pull factors in the context of lead and satellite investors through logistic regression where the dependent variable is 0 if the company is a lead firm and 1 if it is a satellite. The results are presented in Table 47.

[137] Likewise in previous chapters, in order to proceed further our analysis, we test this new firm typology with OLI variables although the results are inconclusive. Please see appendix 30 (pp.375-378) for discussion.

Table 47:[138] Logistic Regression Lead Vs. Satellite Investors

Logistic Regression - Satellite Vs Lead Investors					
		Model A b/p	Model A exp	Model B b/p	Model B exp
P r o x i e s	**PULL FACTORS (From Host Market)**				
Linkages:	Presence of Greek Public/Private Companies in the Host Market	0.896***	2.451***	0.883***	2.419***
		.004	.004	.005	.005
Financial Motives Provided by the Host Market :	Low Cost of Labour Force	-0.580*	0.560*	-0.587**	0.556**
		.060	.060	.057	.057
Geographical Proximity Facilitates:	Host Market Knowledge	-.084	.920		
		.763	.763		
P r o x i e s	**CONTROL VARIABLES**				
Company Age	Establishment Year	0.444*	1.560*	0.442*	1.556*
		.080	.080	.080	.080
Company Size	Number of Employees for the Company Group	-.033	.968	-.038	.963
		.905	.905	.890	.890
Industry Type	Manyfacturing-Trade Vs Services-Construction	-.127	.881	-.158	.854
		.888	.888	.860	.860
Country of Investment	Invest in Bulgaria/Invest in FYROM	.702	2.018	.663	1.941
		.512	.512	.534	.534
Headquarters Base	North or South Based Company	-3.318**	0.036**	-3.457**	0.032**
		.018	.018	.012	.012
Mode of Entry in the Host Market	Greenfield-/Acquisition/Joint-Venture	1.019	2.771	1.032	2.808
		.139	.139	.133	.133
Year of Entry in the Host Market	Prior 2000/After 2001	-.763	.466	-.737	.478
		.383	.383	.398	.398
	constant	-5.61*	0.004*	-5.777*	0.003*
		.080	.080	.067	.067
N		130		130	
Hosmer and Lemeshow Test (Sig)		.943		.852	
Cox & Snell R Square		.268		.266	
Nagelkerke R Square		.487		.487	
-2 Log likelihood		53.378[a]		53.563[a]	
df_m		10		9	
chi2 (Omnibus Tests of Model Coefficients)		34.249		34.356	
aic		75.38		73.56	
bic		105.08		100.66	
legend: * p<.1; ** p<.05; *** p<.01					

Source: Author's Survey

We estimated two different model specifications for push/pull factors. In each specification, we included the results of the Hosmer-Lemeshow test. In all of the models, the p-value of significance is higher than 0.05, which implies that all specifications are valid. Also, although the number of independent variables decreases significantly across the models, there is no major reduction in both the Cox and Snell or the Nagelkerke R squared, which indicates that the variables dropped are statistically insignificant. The best model in terms of efficiency is model B, which has the smallest number of variables for a given level of observations, and the largest log

[138] See Appendix 31 (p.379) Correlation Matrix of the Model Variables Satellite Vs. Lead investors (Greek OFDI in a Firm Level Analysis).

likelihood. Lastly, all the specifications use robust standard errors to account for the presence of heteroscedasticity.

Our results show that there are no push factors that explain the behaviour of this group. This finding is as expected since the satellites are defined as being pulled not pushed. The model aims at showing which pull factors explain the behaviour of satellites rather than testing whether the push/pull model works.

Among pull factors, linkages are important, and have a positive impact on the probability of being a satellite investor. In other words, the greater the importance for these firms of Greek companies, the greater the probability of being a satellite investor, as confirmed by the previous analysis. We found also that financial incentives provided by the host market in the form of low cost labour are more important for lead than for satellite investors.

Two controls are significant: company age, and location of the parent company. We see that older companies are more likely to be lead investors because they have had more time to develop competitive advantage. For headquarters location, we see that companies from the South of Greece are more likely to be lead companies, perhaps reflecting the superiority of Southern firms generally and the weaker capabilities of satellite companies. However, the fact that only pull factors determine both groups suggests that these investments are not escape investments.

6.5 OLI in the Context of Push – Pull Approach

Starting from our initial categorization of OLI advantages for Greek investors, we concluded that they had no major ownership advantages other than management competencies and some advantages related to internationalisation. Also, we observed that they seem to have no technology advantages and some new negative ownership advantages. However, this changes when we examine the OLI framework in the context of our new typology. Tables 48 and 49 summarize the results for the OLI using the new typology.

Table 48: Crisis and Healthy Investors in the Context of OLI – Differences

Proxies	Variable description	Healthy	Crisis	Difference Crisis & Healthy
	Ownership Advantages			
Management Competence in the Host Country Compared to the Home Country, (In % Those Entrepreneurs That Did Not Face, or Solve These Problems, Thus an Advantage for Them)	Capacity to Deal Effectively with Quality and Productivity Issues in the Foreign Affiliate	76%	61%	15%
	Capacity to Deal Effectively with Lack of Business Information Flow	88%	72%	16%
	Capacity to Deal Effectively with Internal Company's Rearrangements & Employee Training in the Foreign Affiliate	94%	80%	14%
Internationalisation Parent Company Foreign Affiliate Presence in :	European Union	49%	27%	22%
	Other Developed (except E.U)	29%	6%	23%
	Central East European	57%	36%	21%
	Underdeveloped (except S.E.E & C.E.E)	52%	20%	32%
Cost Advantage in the Home Market (In % Those Who Proceed)	Product/Service Price Lower Than Competitors	21%	46%	-24%
	Location Advantages			
Negative Home Market Pressures as L-Advantage/Motivation (New Modification)	Compensatory Investment Due to Increase of Home Market Industry Competition	14%	53%	-39%
	Compensatory Investment for the Company's Home Market Share Reduction	1%	47%	-45%
Geographical Proximity	Close Control Between Parent Company & the Foreign Affiliate	58%	80%	-22%
	Business Know-How in the Host Country	60%	76%	-16%
	Capacity to Deal Effectively with Transport Costs	99%	92%	-10%
Financial/Political Problems in the Host Market (In % Entrepreneurs That Did Not Face or Solve These Problems, Thus an Advantage for Them)	Capacity to Deal Effectively with Frequent Investment Law Changes Inadequate To Protect Investors	84%	71%	-4%
	Capacity to Deal Effectively with Banking System Inefficiency	95%	85%	2%
	Capacity to Deal Effectively with High Tariff Costs	95%	84%	8%
Negative Location Advantages (In % Entrepreneurs That Did Not Face or Solve These Problems, Thus an Advantage for Them)	Capacity to Deal Effectively with Low Customer Payments	88%	69%	14%
Risk Factors (In % those Who Consider the Host Environment Secure)	Secure Business Enviroment Host Market (vs. Home Market)	92%	67%	20%
	Internalisation Advantages			
Home Company Experience in M&A (In % Those Who Proceed)	Merging & Acquisition Parent Company Advantages	77%	54%	22%
Host Company Experience in M&A (In % Those Who Proceed)	Merging & Acquisition Foreign Affiliate Company Advantages	22%	4%	18%

Source: Author based on a survey, data verified by parametric tests

Table 49: Lead and Satellite Investors in the Context of OLI – Differences

Proxies	Variable description	Lead	Satellite	Difference Satellite & Lead
	Ownership Advantages			
Linkages	Mostly With Other Greek Companies Operating in The Host Market	5.7%	65.4%	-59.7%
	Mostly With Other Greek Companies Operating in S.E.E	1.6%	30.8%	-29.1%
	With Other Greek Companies Operating in the Host Market	44.7%	100.0%	-55.3%
	Location Advantages			
Geographical Proximity	Close Control Between Parent Company & the Foreign Affiliate	73%	50%	23.0%
Linkages	Presence of Other Greek Public/Private Companies in the Host Market	34.9%	80.8%	-45.8%
	Excellent Business Contacts in the Host Country	19.2%	38.5%	-19.3%
	Following Parent Company's Customers in the Host Market	6.3%	100.0%	-93.7%
Financial Motives Provided by the Host Market	Low Cost of Labour Force	69.8%	46.2%	23.7%
Financial Motives Provided by the Home Market & Regional Institutions :	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	24.6%	0.0%	24.6%
Institutional Specificities	Company Participation in Host Country Privatization Plan	13.5%	0.0%	13.5%
	Internalization Advantages			
Previous Trade Relations with the Host Country	Imports - Exports	38.1%	15.4%	22.7%
Mode of Entry in the Host Market	Greenfield	65.08%	92.31%	-27.2%
	Whole or Majority Acquisition	23.81%	3.85%	20.0%
	Joint Venture with Local/Foreign Entrepreneurs	11.11%	3.85%	7.3%

Source: Author based on a survey, data verified by parametric tests

Starting with the similarities across the new typology of investors we see that the only common advantage is geographical proximity. This implies that all investors are keen to have a physical presence in the foreign affiliate in order to maintain better control over their investments. This is perhaps due to the uncertainty related to such investments based on weak formal institutions in the business environment and investors' lack of internationalisation experience.

In terms of differences, we see that the composition of ownership, location and internalization advantages varies across typologies. For satellites, ownership and location advantages stem from their links with Greek companies in the host market, while for the crisis/healthy firms differences in management competencies internationalisation and cost advantages matter most. Another major difference between these two categories of investors is that crisis investors have negative home market pressures which operate as L-advantage/motivation, which the OLI framework cannot explain, but which is explained by the concept of "forced internationalisation".

We propose the push-pull framework as a modification to the OLI framework, to examine similarities and differences between these two typologies (see Tables 50 and 51).

Table 50: Push/ Pull Framework to Examine Similarities and Differences between These Two Typologies - Proxies Push

		Crisis	Healthy	Satellite	Lead
Proxies - Push Factors					
a) Increased Competitive Pressures :					
Increase in New Greek Competitor Firms in the Home Market	*Was This a Pressure ? What Percentage Replied Yes?*	High (75%)	Half (54%)	Very High (82.6%)	Half (60.4%)
Increase in New Foreign Competitor Firms in the Home Market		Low (35%)	Half (56%)		
Increased Competition as a Factor for Internationalization		Very High Problem (79%)	Average Problem (50%)		
Compensatory Investment Due to Increase of Home Market Industry Competiti	*Was This a Problem? What's the Median Value for the Group?*	Medium Problem (3)	No Problem (1)		
Compensatory Investment for the Company's Home Market Share Reduction		Low Problem (2)	No Problem (1)		
Quality of Competitive Products				Low Problem (2)	No Problem (1)
b) Adverse Institutional Environment :					
Credit Time Payment Between Supplier - Customer		Very High Problem (4)	Low Problem (2)		
c) Adverse Demand Conditions:					
Low Customer Purchasing Power		Medium Problem (3)	Low Problem (2)		
De-Industrialization		No Problem (1)	No Problem (1)		
d) Increased Production Costs in the Home Market:					
Wage Costs		Medium Problem (3)	Low Problem (2)		

Note: 1=No Problem 2=Low Problem, 3=Medium Problem, 4=High Problem, 5=The Greatest Problem

Source: Author based on a survey, data verified by parametric & non-parametric tests

Table 51: Push/ Pull Framework to Examine Similarities and Differences between These Two Typologies - Proxies Pull

		Crisis	Healthy	Satellite	Lead
Proxies - Pull Factors					
a) Positive Demand Conditions:					
Market Growth of Parent Company's Products/Services		Very High Motive (4)	Very High Motive (4)	High Motive (3.5)	Very High Motive (4)
Large Customer Base		Very High Motive (4)	Average Motive (3)	Low Motive (2)	Average Motive (3)
b) Lack of Competitive Pressures:					
Low Competition		Very High Motive (4)	Average Motive (3)		
c) Linkages:					
Presence of Other Greek Public/Private Companies in the Host Market				Very High Motive (4)	No Motive (1)
d) Geographical Proximity Facilitates :					
Host Market Knowledge		Very High Motive (4)	Average Motive (3)	Low Motive (2.5)	Average Motive (3)
Business Know-How in the Host Country		Very High Motive (4)	Average Motive (3)	Average Motive (3)	Average Motive (3)
Close Control Between Parent Company & the Foreign Affiliate	Was This a Motive?	Very High Motive (4)	Average Motive (3)	Low Motive (2)	High Motive (3.5)
e) Institutional Specificities:					
Risk Reduction Investment in Different Countries		No Motive (1)	No Motive (1)		
Regional Integration via Host Country Participation in EU		No Motive (1)	No Motive (1)		
Company Participation in Host Country Privatization Plan				No Motive (1)	No Motive (1)
f) Asset Acquisition					
Acquisition of the Market Share				Average Motive (3)	Very High Motive (4)
New Products/Services for the Parent Company				No Motive (1)	No Motive (1)
g) Financial Motives provided by the Host Market :					
Low Cost of Labour Force & Other Factors of Production/Services				Low Motive (1.5)	Average Motive (3)
Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)				No Motive (1)	No Motive (1)
Note: 1=No Motive 2=Low Motive, 3=Medium Motive, 4=High Motive, 5=The Greatest Motive					

Source: Author based on a survey, data verified by parametric & non-parametric tests

As far as it concerns push factors (which, by definition are not included in OLI), increased competitive pressures deriving from new Greek competitor firms in the home market apply to all categories. Geographical proximity and positive demand conditions are important for all types of firms, captured by location advantages in the OLI which confirms its empirical validity. We can see that satellite/lead firms are primarily pulled to the host market, since they show many more significant proxies than crisis/healthy. Also, crisis companies had significant pressures in the home market (a lot of push factors), but they also faced numerous pull factors or opportunities in the host market.

Overall, the push-pull framework can be considered an alternative to OLI theory. Pull factors extend Dunning's list of OLI characteristics. Push factors can be understood as negative ownership advantages in the context of OLI, which, by definition, are not included in that framework. Thus, we would argue that push factors complement the LLL framework, which argues that even if firms do not have ownership advantages, they might decide to invest abroad in the expectation of being able to exploit linkages and learning. We argue that the novelty of our proposed framework is that although Greek firms may have limited OLI advantages (pull factors), the decision to invest abroad is guided also by negative home market conditions (push factors).

6.6 Conclusions

This chapter set out to explain the diversity of Greek investors in FYROM and Bulgaria by applying the OLI framework. The particularity of Greek FDI is "forced internationalisation", in which home market pressures push companies to internationalise. We found that the OLI framework did not completely explain the

behaviour of these firms, which we show have no major ownership, location or internalization advantages. In this chapter we proposed a new typology of firms, and tested the OLI framework to see if it could accommodate the variety of Greek firms' strategic behaviours. We differentiated among four main groups of Greek investors: crisis, healthy, satellite and lead firms. Crisis investors faced survival issues in the home market and had to expand to new markets to survive. So we consider that these companies were "pushed" to go abroad rather than "pulled" by the new market opportunities. Healthy investors are mostly successful in the home market. These companies are driven by the opportunities abroad rather than by the need to survive. Satellite companies followed their home market customers to other countries abroad, while lead firms were keen to expand their activities. OLI theory does not include push factors although pull factors are represented by ownership, location and internalization advantages. Thus, as Mathews (2006b) highlights, OLI requires some modification which we think is accomplished by our proposed typology.

We shed new light on the determinants of FDI by showing that push factors are relevant to all four types of firms. All four types saw increased competition in the home market as a major push factor, something that is not considered in Dunning's OLI framework. Also, pull factors were important for all four categories, which confirm the relevance of Dunning's locational advantages. Positive demand conditions in the host market, and geographical proximity, are the most relevant location advantages factors for all of them.

The advantage of our typology is that it shows the highly differentiated nature of push and pull factors across different types of firms. In particular, we see that push factors drive the decision to go abroad in quite different ways for the four types of firms. For crisis investors, adverse institutional environment and increased competition in the

home market were key to their internationalisation, while healthy investors were not "forced to internationalise". Like crisis firms, satellite investors were driven by increased competition, but also the desire to follow their home market customers into the host market. Lead firms, like healthy investors did not react heavily to major push factors to internationalise, but rather wanted to expand in the host market.

In relation to pull factors, they were more important for crisis investors than healthy firms, probably because internationalisation is key to the home company's survival. For satellites, the main pull factors were linkages, while for lead investors they were the positive demand conditions and asset acquisition in the host market.

This research suggests the need of an alternative OFDI framework which uses push (negative home market conditions) and pulls factors. Our proposed framework considers the highly differentiated nature of firm determinants of FDI which Dunning's OLI and Mathews' LLL frameworks ignore.

Chapter 7: Summary and Conclusions

7.1 Brief Summary of the Research

The thesis explored the dynamics and determinants of Greek OFDI in SEE, especially Bulgaria and FYROM. This represents a contribution to research since these investments are quite different from developed country investments in less developed economies. The "paradox" of Greek FDI is that Greece lacks inward FDI, but is a dynamic outward investor in SEE countries. In addition, Greek MNCs do not possess strong ownership advantages. They face adverse home market conditions and suffer from reduced competitiveness, but are internationalised via FDI activity in neighbouring areas where traditional MNCs have been adopting a "wait and see" attitude. Mainstream FDI theories (e.g. OLI which is generally agreed to be the theoretical framework that best encapsulates FDI from developed countries) primarily interpret FDI patterns in developed or/and less developed economies as "expansionary" FDI due to prior possession of robust ownership advantages (e.g. innovation). However, as already mentioned this contrasts with the Greek case and does not explain the pattern of Greek OFDI.

We reviewed the similarities between emerging and developed market firms and their FDI, and their (in) compatibilities with the Greek case. EM MNCs seek ownership advantages globally though they also initially or in parallel spread into neighbouring countries. For established MNCs, the possession of ownership advantages is a prerequisite for internationalisation, but in the case of emerging MNCs (similar to Greek MNEs), ownership advantages are not strong.

Although there are important similarities between emerging markets' investment patterns and Greek OFDI (e.g. weak ownership advantages, investments in adjacent countries), there are differences in the initial economic conditions of the firms and the economies. As discussed in the previous chapters of this thesis, the dynamic presence of EMs OFDI is accompanied by the receipt of large inward FDIs. Also, investors from EM generally export to the foreign markets prior to investing. They tend to prefer M&As or joint ventures, which enhance their knowledge of foreign markets, improve the competitive advantage through access to foreign technologies and knowledge, and reduce "the liability of foreignness". All of these aspects contrast with the Greek case: Greece has been losing competitiveness, has low levels of inward FDI, and is far from being an export oriented economy with good economic performance despite significant OFDI. In addition, Greek investors prefer greenfield investments as their mode of entry to a foreign market. In a nutshell, we cannot clearly identify Greece within the perspectives of either developed or emerging MNCs, which would suggest that Greece's negative home market conditions would impede OFDI.

We considered the conditions of developed countries with well-established MNCs and FDI and those of EM MNCs. WEF (2015) points out that: "The current economic hierarchy, which places emerging nations at the periphery and developed markets at the core of world affairs, no longer accurately (reflects reality) ".[139] Accordingly, the underlying theory which identifies two types of FDI as long-established MNCs, and EM MNCs, is inadequate to explain Greek OFDI.

[139] https://agenda.weforum.org/2015/08/why-emerging-markets-is-an-outdated-definition/?utm_content=buffer110b2&utm_medium=social&utm_source=facebook.com&utm_campaign=buffer

This thesis proposed a generic framework based on push and pull factors, which was tested extensively at country, industry and firm levels. This framework reflects key features of the Greek case, but is also relevant more broadly since, from conventional perspectives, it resolves the contradictory interpretations of developed and EM FDI. Push factors are defined as all those negative pressures in the home market which weaken the ownership advantages of firms, and "push" (force) the firm to internationalise in order to survive. The strength of these push factors is determined by four main groups of influences operating in the home market: adverse demand conditions; increased costs of domestic production; adverse institutional environment; and increased competition. Pull factors are related to the host market and work by "pulling" (attracting) the firm's investment. Here, we distinguished eight categories: geographical proximity; financial incentives from the host country government; financial incentives from the home country government; linkages with other Greek OFDI companies; favourable demand conditions; weaker competitive pressure; favourable asset acquisition opportunities; and institutional specificities, all of which "pull" the foreign company to invest abroad. The proposed push-pull framework helps to explain the OFDI behaviour of firms, industries and countries and encapsulates the continuous positive and/or negative home market changes in developed or emerging countries. The push-pull framework also indicates when FDI at the country, industry or firm level, is expansionary or escapist, that is, whether the push factors lead to escape FDI "forced internationalisation", or the pull factors lead to expansionary FDI.

Greek OFDI provided an excellent case for applying the push-pull framework because it integrates interpretations and characteristics of FDI from both developed and emerging economies, within a holistic conceptualization of OFDI.

At the country level, we find that besides significant pull factors, adverse demand conditions represent a significant push factor. More specifically, Greek investors are not, as might be expected, pulled to invest in their adjacent countries simply by low costs; they are also pushed by shrinking local markets due to low home market customer purchasing power. Greek investors also are not driven by traditional OLI motives such as lucrative financial opportunities or a desire to acquire assets. Rather, they are pulled by the geographical proximity of the host markets, which allow better everyday control of the relationship between the parent and the affiliate company. In addition, the presence of other Greek public or private companies in the host market strengths the linkages between companies and acts as an important pull for investments. Finally, institutional specificities, such as Bulgaria's EU membership, create further expectations of growth and are a pull factor. Thus, the concept of push and pull, in encapsulating differences and disparities in OFDI factors, provides a better framework to explain Greek OFDI.

At the industry level, we explored the appropriateness of the OLI framework. We demonstrated the need for operationalisation and addition of new sub-categories to the original OLI framework in order to capture the features of Greek OFDI. We used a unique set of data on Greek OFDI in four industries (manufacturing, construction, services and trade) and explored the industry specific determinants of FDI and whether and how the OLI categories and variables vary across industries. This investigation revealed that traditional OLI cannot be used to describe the behaviour of all industries. The empirical findings show main, pairs and common industry characteristics, industry specific advantages, advantages common to all industries, and advantages common to selected groups. We have shown that OLI variables vary significantly across the four industries, and across all pairs of industries, and also that

new variables not included in the original OLI framework, also matter. The application of the push-pull framework further confirmed the importance of such an approach. Based on two groups of industries - manufacturing and trade, and construction and services - we demonstrated that both push and pull factors are important for explaining the OFDI behaviour of these industries. Adverse demand conditions, such as de-industrialization in the home market, negative institutional environment created by a liquidity crisis (e.g. delayed payments between suppliers and customers), and increased fixed costs, constitute push factors for industries. Simultaneously, we observe that incentives such as prompt raw materials supply and services provision from the parent company, financial motives based on bilateral agreements, linkages due to the presence of other Greek public/private companies in the host market, and asset acquisition investment opportunities, are significant pull factors determining industry differences.

Finally, this thesis field work revealed the diversity in the entrepreneurial behaviours of the various investors. Some were shown to be leaders in the Greek market while others had serious problems in the home market. We observed also that some companies invested in FYROM/Bulgaria simply because they wanted to follow (or were invited by) their home business collaborators, and to support them in these new markets. To capture these different entrepreneurial behaviours, we proposed and explored two new typologies of firms: Crisis vs. Healthy, and Lead vs. Satellite.[140] These represent different strategic dimensions of firm behaviour, which are not mutually incompatible. For example, Crisis or Healthy investors may be either Lead or Satellite investor and vice versa.

[140] We explored different features of firms' behaviour using factor analysis, with the aim of discovering whether there are common underlying patterns which could be used to propose a comprehensive taxonomy of firms. However, the analysis did not generate reliable results.

Crisis investors faced survival issues in the home market and were pushed (not pulled) to go abroad in order to survive; many are successful in these markets. Healthy investors are "pulled" by the opportunities abroad rather than being pushed by the need to survive. Satellite companies follow, or are invited by their home market (Greek) customers to establish in other countries abroad, while lead firms are pioneer investors, expanding their activities in the host market. We tested both the relevance and the robustness of the OLI and push pull approach for these new firm typologies. Overall, the results confirmed and strengthened the distinction between these new firm classifications, based on the different incentives to go abroad. The analysis also showed that OLI has limited power to explain firms' behaviour, and we showed that OFDI firms have no major ownership, location or internalization advantages. Thus, we can conclude that the proposed push-pull framework analysis more efficiently accounts for the variety in firms' strategic behaviours.

7.2 Research Achievements

This research constitutes a major contribution to the literature by proposing an alternative and robust framework to explain OFDI in cases which include characteristics of "forced internationalisation". The joint push-pull model is capable of explaining country, industry and firm OFDI and encapsulating the differences and disparities identified in the OFDI literature.

This research was motivated by the fact that mainstream theories on developed countries' FDI and more recent theories on EM FDI, were not a sufficient explanation of the dynamics and determinants of Greek OFDI. Thus, based on the "paradox" of Greek OFDI to SEE countries, we contribute to the debate in the international business literature on the adequacy of existing FDI theories and their explanatory

power, versus the need for a new conceptual perspective to explain patterns of OFDI similar to those in countries such as Greece.

Our empirical contribution is based on a large-scale, face-to-face survey of 152 Greek OFDI companies in Bulgaria and FYROM. The data collected were used to create a comprehensive and unique database. The organization of this database was not straightforward. To ensure data reliability, some 450-500 phone calls were made to identify Greek companies involved in OFDI in these countries.

We conducted a pilot study consisting of a 41 page questionnaire. This showed that the questionnaire was too complicated and too time consuming, and included questions based on the literature, which were not relevant to Greek OFDI companies. Following this, we devised a more efficient and robust questionnaire without sacrificing either accuracy or completeness of data collection. The revised questionnaire consisted of 16 pages and approximately 500 questions and data points which were used in the research interviews. The greater precision of this questionnaire increased validity in terms of outcomes. Since responding to the still large number of questions was perceived as difficult by some interviewees, we used cards showing rankings in figures and words. This simple and effortless development proved useful, invaluable and productive since it dramatically reduced interview times. Note also that, although the owners of the companies were Greeks, the survey was administered in areas (regions) which were unfamiliar to the researcher who also did not speak the local languages.

Organizing the interview meetings was also not straightforward. It involved collecting appropriate information on the company (much of which was not digitized), and travelling to the foreign affiliate which was often in the periphery of the country

where little English was spoken. The interviews had to be on time: CEOs' availability was tight, and it was important not to lose a case. Administering the research questionnaire face to face allowed direct contact with decision makers and a high level of rapport with respondents compared to other modes of questioning.

Our research revealed the different characteristics of different industries. We interviewed an extensive sample of enterprises, which allowed inter-case and inter-industry comparisons and avoidance of biased interpretation of data, limited research results and loss of valuable information. The participating firms represented 82.9% in Bulgaria and 64.1% in FYROM of the total Greek OFDIs in those countries. This would suggest that the findings can be generalized with confidence. We believe that the scale of the data collected and their uniqueness goes well beyond a typical PhD project.

The contribution of this research consists of the empirical data and our testing of the proposed theoretical model to reveal the push and pull factors that explain the behaviour of Greek OFDI enterprises. In addition, the pull factors of OFDI have been well researched, but the push factors (negative home market conditions) as a part of a pattern of OFDI, have been underexplored in the literature (e.g. neither Dunning's OLI framework nor Mathews LLL framework accounts explicitly for push factors). We have proposed the term "forced internationalisation" as underpinning the Greek pattern of OFDI. In our view, the most useful classification of OFDI push and pull factors is provided in the World Investment Report (UNCTAD, 2006). Based on this classification, we expanded these concepts and tested them empirically within a joint push-pull framework. To our knowledge, this research is the most comprehensive within this perspective. The variables selected reflect a comprehensive empirical treatment of push and pull factors. Following Narula and Guimon's (2010)

recommendation for a deeper understanding of OFDI, we tested and analysed the framework at the three levels of country, industry and firm.

Our framework suggests that stronger push factors indicate escape-type investment, while stronger pull factors indicate expansion-type investment. This framework could become a tool for policy in order to identify the strengths and weaknesses of a country's, and an industry's and a firm's OFDI patterns in a continuously changing business environment, without limiting the analysis to develop or emerging country patterns. This development represents both a theoretical and a policy contribution.

We incorporated new categories and additional variables into the traditional OLI framework by including industry specific factors. Thus, we add important empirical comparative evidence on OFDI. To achieve this we operationalised, expanded on and added new variables to the OLI framework, and tested them empirically. We discussed industry differences and similarities in relation to the OLI framework and to the push-pull approach, at the main-industry, pair-industry and common-to-all-industries levels. Our results show that OLI operates differently across the four industries, and across all industry pairs.

Another conceptual and contextual contribution is that we show that firms taking part in the internationalisation process do not necessarily possess such strong ownership advantages as developed country firms. Although this argument is supported by the literature on EM MNCs, we contribute by showing that Greek firms are not pulled only by opportunities and potential in foreign countries to develop and enhance their ownership advantages; they are also pushed abroad not necessarily to develop and upgrade their ownership advantages. From this perspective, Greek outward investor

firms are examples of "forced internationalisation" rather than examples of opportunity driven internationalisation as demonstrated in the case of EM MNCs.

We have also identified new OFDI firm strategic behaviours, which we classified according to groups of business entities and specific business characteristics. We showed the diversity of new OFDI entrepreneurial behaviours and shed light on the determinants of their OFDI in the unique context of "forced internationalisation".

The push-pull framework is intended to be a generic framework which provides a conceptual contribution to the literature by proposing an alternative classification to explain OFDI.

7.3 Limitations

The limitations of this study stem largely from the empirical nature of its research. The registry listing of Greek OFDI companies in FYROM and Bulgaria is not the responsibility of single institution; the data had to be collected from several sources. The researcher visited the Economic and Commercial Consulates of the Greek Embassies, the Greek Ministry of Economy and Chambers of Commerce in Athens and Thessaloniki, in order to get the essential information. To cross check and enrich these data, the researcher visited the Inter-Balkan and Black Sea Entrepreneurial Centre (ΔΙ.Π.Ε.Κ) and the Greek International Business Association (SEVE) based in Thessaloniki. A new and updated list of 633 registered companies has been created. However, this did not identify whether the firm was a FDI or simply "Greek interest" (Greek owned company in the host country but with no parent company). Browsing the companies' history and profile on their websites was time consuming and many websites did not contain the required information, and searching for company email

addresses, and contacting the firms was ineffective due to low response rates. The only effective contact was direct telephone contact. This often involved more than one phone call to the firm; this costly and time consuming exercise involved around 500 phone calls. Nevertheless, based on the data gathered from multiple sources, our time consuming sample represents very good coverage of Greek OFD investors.

Secondly, the main data for this research are based on subjective responses from answers by firms' CEOs. The weaknesses of subjective answers are well known in literature, which is usually in favour of "hard" or "objective" data. On the other hand, the nature of this thesis research was such that it was difficult to express the conceptual categories in "hard" form. If the hard data were available they would be inconclusive proxies of OLI and push-pull categories.

7.4 Issues for Further Research

This demanding empirical study and proposed push-pull framework was aimed at filling some important gaps, and throwing light on contextual aspects in the OFDI literature on both developed and emerging economies. Our findings reveal opportunities and suggestions for future research.

Replicating this study to examine OFDI from other countries also characterised by what we call "forced internationalisation" would provide further verification and validation of the present work. Ideally, the analysis should be at the country, industry and firm levels to allow greater generalization of OFDI patterns. Also, more comprehensive country, industry and firm level case studies would provide further development of this research.

More work is needed also on push factors and a comparative study specifically focused on push-pull factors would provide new theoretical perspectives and allow comparison with the Greek case.

7.5 Policy Implications of our Research

FDI policy is usually framed within the pull perspective and based on increased incentives for inward FDI. The rationale for supporting OFDI is less clear, but there is an emerging literature on the rationale behind OFDI and OFDI policies (Luo, Xue et al. 2010, Rasiah, Gammeltoft et al. 2010, Lu, Liu et al. 2011, Sauvant and Chen 2014). However, there is an assumption that "going abroad" is a sign of strength not weakness in local firms. Hence, OFDI policies largely support expansion and acquisition of ownership-specific advantages abroad. However, the push-pull framework clearly indicates the inadequacy of this perspective for understanding the drivers of OFDI. It is not sufficient just to identify the host market opportunities (pull factors); equally important are the factors behind the negative home market conditions (push factors). Understanding these negative home market conditions, and reducing or removing them would diminish the importance of push factors and increase the efficiency of pull factors, policies and hence the competitiveness of OFDI firms.

A second important policy issue that stems from our research is differentiation among outward investors that "go abroad" due to either push or pull factors. This distinction helps policy design effectiveness since it cannot be assumed that investors go abroad for the same reasons. Ideally, OFDI policies should be firm specific or at least tailored to different types of firms.

Policy should acknowledge the existence of both pull and push factors as well as different motivations of firms along the pull-push spectrum. This should more

accurately target government policy to its objectives. Rather than just attracting inward FDI and supporting pull driven or conventional OFDI, policy should recognize that many domestic policy factors and conditions indirectly influence and push firms to go abroad. The present research shows that non-OFDI policies are strongly pushing Greek OFDI. However, these investments are not sign of strength, but mostly a sign of weakness of the domestic policy environment. Thus, this type of OFDI has strong limitations in terms of its effects on the Greek economy.

As already mentioned, strong push factors mean "escape investment" while strong pull factors indicate "expansionary" investment. So, policy should have a clear picture of which firms or industries are being "pushed" and/or "pulled" into OFDI. This more real understanding of the drivers of OFDI could translate into more effective policy tools. Thus, the challenge for policy is how to convert weak/escape investments and their parent companies through concrete supportive measures, into expansionary investments promoting and strengthening firms' ownership advantages.

This research also shows the importance of domestic conditions, the business environment and policies that stimulate value added activities and increased competitiveness. These are the preconditions for both pull driven OFDI and also for substantially reducing the share of push driven investors and their conversion into "pull" investors. Given the importance of OFDI, our research would suggest that specific factors operating in the local economy and pushing crisis investors abroad, should be one of the focuses of policy. By strengthening and resolving obstacles of push investors' governments could strengthen their international position and regain some of the losses in the local (home) market. So, this potential double effect of support for push investors would have much stronger spillover effects in the home market compared to support only for "pull" OFDI. In depth knowledge of their

problems in the home market would enhance their stabilization in the home market while strengthening their ownership advantages and competiveness in the home and host markets.

Finally, our research shows that the mandate of the Greek FDI agency should include OFDI. Channels of communication between firms and the public sector are currently very weak - both at home and abroad. Greece should establish a system of support for OFDI as an integral part of its export strategy. Also, many structural reforms and policies recently implemented in Greece are having indirect, but strong effects on the extent and nature of Greek OFDI. Our research shows that given the specific nature of Greek OFDI this system of support should recognize the existence of "push investors".

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Appendices

Appendix 1: Greek Parent Industries, Investors in Bulgaria & FYROM (Our Sample)

Parent Industries	Frequency	Valid Percentage %
Manufacturing	61	40.1
Trade	31	20.4
Services	42	27.6
Construction	18	11.8
Total	152	100

Source: Author's survey (152 firm observations)

Appendix 2: Parent Company Export/Investment Activities Prior FDI, Ownership Structure, Mode of Entry, FDI in Order to Re-import Products/Services.

	Parent Company Export/Investment Activities Prior FDI	Valid Percentage %
2A	In Bulgaria or/and FYROM Prior To Company's F.D.I	51.0
	Ownership Structure Parent & Affiliate Company:	Valid Percentage %
2B	**Parent Company**	
	Start-up Greek	100
	Current Greek	94.7
2C	**Host Company in Bulgaria/FYROM**	
	Greek	68.4
	Greek & Local Entrepreneurs	23.0
	Greek & Foreign Entrepreneurs	8.6
	Total	100
2D	**Mode of Entry in the Host Market**	
	Greenfield	69.7
	Whole or Majority Acquisition	20.4
	Joint Venture with Local/Foreign Entrepreneurs	9.9
	Total	100
2E	**Reasons for Choosing F.D.I:**	
	Investment Security, Control & Quality	39.0
	Direct Customer Contact	23.4
	Opportunism Avoidance	10.6
	Lack of Skilled Companies/Personnel	7.1
	Other	19.9
	Total	100
2F	**F.D.I in Order to Re-Import Products/Services for the Parent Company or/and Greek Market**	
	FDI in Order to Create New Products/Services for the Parent Company in %	90.8 (No Incentive)
	FDI in Order to Create New Products/Services for the Greek Market in %	91.4 (No Incentive)

Note: This table includes 152 firm observations because we need to observe the overall behaviour of Greek outward investors. In other cases which we refer to Country level analysis, we use the working database of 130 observations excluding the 22 companies which invested in both countries. In that way, we enable robust results.

Source: Author's survey (152 firm observations)

Appendix 3: Three Waves of Outward FDI

Three waves of outward FDI

	First	Second	Third
Period	1960s to mid-1980s	Mid-1980s to 1990s	1990s to 2000s
Outward investing region/country group	Especially Latin America	Especially Asia	More geographically diverse country origins Resurgence of Latin America Inclusion of Russia and South Africa
Country examples, largest outward investors	Brazil, Argentina, Singapore, Malaysia, Venezuela, Philippines, Hong Kong, Korea, Colombia, Mexico, India	Hong Kong, China, Taiwan, Singapore, South Korea, Brazil, Malaysia	Hong Kong, Taiwan, Singapore, Brazil, South Africa, China, Korea, Malaysia, Argentina, Russia, Chile, Mexico
Destinations	Mainly other developing countries in same region	Mainly developing countries, but also to more distant locations, including developed economies	Increasingly global (Knowledge-intensive) services mainly regional destinations Mature sectors increasingly also into developed economies
Types of outward FDI	Primary sector Small-scale manufacturing	Into developing: primary sector, difficult-to-trade services (finance, infrastructure) Into developed: mature, cost-competitive industries (automotives, electronics, IT services), asset-augmenting investments	As 2nd wave, but with more going into developed economies
	Mainly horizontal	Horizontal and vertical	Horizonal and vertical
Ownership advantages	Home country specific	Home country and firm specific	Home country and firm specific
	Low cost inputs Production process capabilities Networks and relationships (e.g. ethnic) Organizational structure (e.g. conglomerates) 'Appropriate' technology, business models, and management	Same as 1st wave	Now also: Economies of scale Technological, managerial, and organizational capabilities Vertical control over factor/product markets
Motivation	Resource and market seeking	Into developing: resource and market seeking Into developed: market and asset seeking	As 2nd wave, but increase in asset seeking
	Asset exploitation	Asset exploitation Minor asset augmentation	Also asset augmentation Market power enhancing (especially natural resource related)
Policy regime	Import substitution	Export orientation	Schumpeterian
	FDI regulation	FDI coordination and facilitation	FDI promotion

Source: Dunning et al. 1996, 1998, Lall 1983, Chudnovsky and Lopez 2000, Andreff 2003, UNCTAD 2006, plus own revisions and additions, particularly the third wave.

Source : (Gammeltoft 2008, p.10)

Appendix 4: Push-Pull Frameworks In Other Contexts

Appendix 5: Summary Information on a Sample of Firms

Summary Information on a Sample of Firms						
Company Nr	Parent Company Year of establishment	Parent Company Size	Subsidiaries in Bulgaria/FYROM; or Both	Year of Expansion Overseas	Year of First Expansion in SEE	Parent Company Industry of Operation
1	1991	501-1000	FYROM	1997	2000	Manufacturing
2	1987	>1000	FYROM	2001	2001	Manufacturing
3	1949	>1000	FYROM	1997	1997	Services
4	1995		FYROM	2001	2001	Services
5	1956	>1000	FYROM	1994	1994	Manufacturing
6	1966	501-1000	FYROM	1976	1996	Manufacturing
7			FYROM	2000	2000	Services
8	1975	51-250	FYROM	1998	1998	Trade
9	1923	251-500	BG/FYROM	1981	1994	Services
10	1841	>1000	BG/FYROM	1947	1996	Services
11	1954	51-250	FYROM	1990	1990	Manufacturing
12	1977	>1000	BG/FYROM	1991	1995	Manufacturing
13	1994		BG/FYROM	2000	2000	Construction
14	1995		FYROM	2001	2001	Services
15	1902	>1000	BG/FYROM	1988	1998	Manufacturing
16	1958	251-500	FYROM	1975	1997	Manufacturing
17	1908	>1000	FYROM	1997	1997	Manufacturing
18	1969	>1000	FYROM	1996	1996	Trade
19	1984	51-250	BG/FYROM	1996	1996	Trade
20	1984	0-10	FYROM	2003	2003	Trade
21	1991	251-500	FYROM	1994	1994	Trade
22	1977	51-250	BG/FYROM	1997	1997	Services
23	1991	251-500	FYROM	1994	1994	Trade
24	1965	51-250	FYROM	1997	1997	Manufacturing
25	1937	51-250	FYROM	2000	2000	Manufacturing
26	1990	11-50	FYROM	2002	2002	Services
27	1988	251-500	BG/FYROM	2000	2000	Construction
28	1976	51-250	FYROM	2004	2004	Manufacturing
29	1985	51-250	FYROM	1992	1992	Manufacturing
30	1982	51-250	FYROM	2002	2002	Manufacturing
31	1982	51-250	FYROM	2002	2002	Manufacturing
32	1914	51-250	FYROM	2002	2002	Trade
33	1974	251-500	FYROM	2002	2003	Manufacturing
34	1886	>1000	FYROM	1992	1992	Manufacturing
35	1987	51-250	FYROM	2001	2001	Manufacturing
36	1960	>1000	FYROM	2000	2000	Manufacturing
37	1981	51-250	FYROM	1996	1996	Construction
38	1975	11-50	FYROM	2005	2005	Construction
39	1984	11-50	FYROM	2005	2005	Trade
40	1980	51-250	FYROM	2001	2001	Trade
41	1978	51-250	FYROM	1996	1996	Trade
42	1996	11-50	FYROM	2003	2003	Trade
43	1987	51-250	FYROM	2004	2004	Manufacturing
44	1879	>1000	BG/FYROM	1994	1995	Services
45	1969	>1000	BG/FYROM	1991	1991	Manufacturing
46	1971	>1000	BG/FYROM	1995	1999	Manufacturing
47	1919	251-500	FYROM	2000	2000	Trade
48	1967	0-10	FYROM	2005	2005	Trade
49	1987	251-500	FYROM	2004	2004	Construction
50	1987	251-500	FYROM	2004	2004	Construction

51	1974	251-500	Bulgaria	2000	2000	Services
52	1934	251-500	Bulgaria	2005	2005	Manufacturing
53	1950	501-1000	Bulgaria	1990	2001	Manufacturing
54	1841	>1000	BG/FYROM	1947	1996	Services
55	1947	>1000	Bulgaria	1997	1997	Manufacturing
56	1950	501-1000	Bulgaria	1990	2001	Manufacturing
57	1988	251-500	BG/FYROM	2000	2000	Construction
58	1982	51-250	Bulgaria	1993	1993	Trade
59	1977	251-500	Bulgaria	2003	2003	Manufacturing
60	1968	>1000	Bulgaria	1994	1994	Manufacturing
61	1937	>1000	Bulgaria	1999		Manufacturing
62	1960	51-250	Bulgaria	1994	1994	Trade
63	1988	>1000	Bulgaria	1997	1998	Manufacturing
64	1964	51-250	Bulgaria	1998	1998	Manufacturing
65	1988	251-500	Bulgaria	1992	1992	Services
66	1992	51-250	Bulgaria	2001	2001	Construction
67	1994		BG/FYROM	2000	2000	Construction
68	1945		Bulgaria	1995	1995	Trade
69	1952	>1000	Bulgaria	1995	1995	Manufacturing
70	1927	>1000	Bulgaria	1995	1995	Manufacturing
71	1898	251-500	Bulgaria	1911	1999	Manufacturing
72	2000	251-500	Bulgaria	2003	2003	Services
73	1974	501-1000	Bulgaria	2003	2004	Manufacturing
74	1981		Bulgaria	1997	1997	Manufacturing
75	1994	501-1000	Bulgaria	1991	2000	Manufacturing
76	1948	251-500	Bulgaria	1992	1992	Manufacturing
77	1882	51-250	Bulgaria	2002	2002	Trade
78	1927	>1000	Bulgaria	2001	2001	Manufacturing
79	2000	11-50	Bulgaria	2004	2004	Construction
80	1999	>1000	Bulgaria	2006	2006	Services
81	1993	11-50	Bulgaria	1993	1993	Trade
82			Bulgaria	2006	2006	Services
83			Bulgaria	2006	2006	Trade
84			Bulgaria	2005	2005	Construction
85			Bulgaria	2006	2006	Services
86	1977	251-500	Bulgaria	2003	2005	Construction
87	1964	501-1000	Bulgaria	1994	1994	Manufacturing
88	1994	>1000	Bulgaria	2001	2001	Services
89	1981	251-500	Bulgaria	1999	1999	Manufacturing
90	1880	251-500	Bulgaria	2002	2004	Manufacturing
91	1984	51-250	BG/FYROM	1996	1996	Trade
92	1984	51-250	Bulgaria	1992	1992	Construction
93	1952	>1000	Bulgaria	1995	1995	Manufacturing
94	1977	>1000	BG/FYROM	1991	1995	Manufacturing
95	1958	>1000	Bulgaria	1993	1993	Trade
96	1934	>1000	Bulgaria	1992	1992	Manufacturing
97	1925	51-250	Bulgaria	1998	1998	Manufacturing
98	1986	51-250	Bulgaria	2002	2002	Manufacturing
99	1977	51-250	BG/FYROM	1997	1997	Services
100	1971	>1000	BG/FYROM	1995	1999	Manufacturing
101	1957	251-500	Bulgaria	2005	2005	Trade
102	1985	11-50	Bulgaria	2001	2001	Construction
103	1962	501-1000	Bulgaria	2003	2003	Trade
104	1986		Bulgaria	1996	2000	Services
105	1989	251-500	Bulgaria	2000	2000	Services
106	1934	>1000	Bulgaria	1992	1992	Manufacturing
107	1934	>1000	Bulgaria	1992	1992	Manufacturing
108	1992	>1000	Bulgaria			Services
109	1990	>1000	Bulgaria	1993	1998	Services
110	1949	>1000	Bulgaria	1997	1997	Services

111	1982	11-50	Bulgaria	1993	1993	Trade
112	1970	11-50	Bulgaria	2003	2003	Construction
113	1937	>1000	Bulgaria	2000		Manufacturing
114	1998		Bulgaria	2004	2004	Services
115	1990	>1000	Bulgaria	1993	1998	Services
116	1969	>1000	Bulgaria	2004	2004	Trade
117	1990	0-10	Bulgaria	2003	2003	Services
118	1994		Bulgaria	2006	2006	Services
119	1996	51-250	Bulgaria	2006	2006	Services
120	1982		Bulgaria	2000	2000	Manufacturing
121	1999	11-50	Bulgaria	2003	2003	Services
122	1902	>1000	Bulgaria	1988	1998	Manufacturing
123	1916	>1000	Bulgaria	1989	1996	Services
124	1982		Bulgaria	1986	1992	Trade
125	2000	51-250	Bulgaria	2004	2005	Services
126	1994		Bulgaria	1999	2001	Services
127	1916	>1000	Bulgaria	1996	1996	Services
128	1975	>1000	Bulgaria	2003	2003	Services
129	1989	51-250	Bulgaria	2000	2000	Services
130	1990		Bulgaria	1990	1999	Trade
131	1952	>1000	Bulgaria	1995	1995	Manufacturing
132	1990	11-50	Bulgaria	1992	1992	Trade
133	1978	501-1000	Bulgaria	1991	1991	Services
134	1990	51-250	Bulgaria	2000	2005	Construction
135	1935	251-500	Bulgaria	1993	1993	Manufacturing
136	1980	51-250	Bulgaria	2000	2004	Manufacturing
137	1964	251-500	Bulgaria	2006	2006	Services
138	1997	11-50	Bulgaria	2004	2004	Manufacturing
139	1959	>1000	Bulgaria	2001	2001	Construction
140	1963	51-250	Bulgaria	2001	2001	Services
141	1879	>1000	BG/FYROM	1922	1995	Services
142	1923	251-500	BG/FYROM	1981	1994	Services
143	1960		Bulgaria	1991	1991	Trade
144	1972	51-250	Bulgaria	2005	2005	Trade
145	1922	501-1000	Bulgaria	2005	2005	Trade
146	1980	11-50	Bulgaria	1993	1993	Construction
147	1960	501-1000	Bulgaria	2001	2001	Manufacturing
148		51-250	Bulgaria	2001	2001	Manufacturing
149	1974	>1000	Bulgaria	1999	2006	Services
150	1969	>1000	BG/FYROM	1991	1991	Manufacturing
151	1841	>1000	BG/FYROM	1947	1996	Services
152	1959	251-500	Bulgaria	1999	2006	Manufacturing

[141]Source: Author's survey (152 firm observations)

Table "Summary Information on a Sample of Firms" includes number of companies, parent company's year of establishment (registration), company size, and presence of subsidiaries in Bulgaria, FYROM or both. It provides the year of expansion overseas, year of first expansion in SEE, and industry sector operation.

The sectors of operation in **manufacturing** companies include building materials (quarrying and shaping of marble), cement and non-ferrous metals production, mined

[141] The period of interviews for our sample was between 2006 -2008.

materials, building insulation materials, chemical products, plastic tubing, copper and aluminium products, petroleum products (refining of crude oil), industrial minerals, glassworks packaging products, artificial wood products, industrial packaging materials, and production of solar energy boilers.

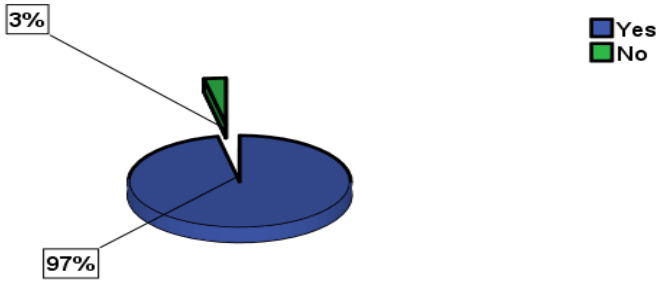
This industry also includes food products (cereals, biscuits, bread, cooked meat products, cacao-chocolates, and sweets), non-alcoholic beverages, dairy milk products, frozen food, traditional ready meals, flour, and sectors such as cosmetics, pharmaceuticals, household products, chemicals and detergents, and agricultural chemical products.

In the second industry **(trade)** investigated in this research the sample companies operate in sectors such as: electrical and electronic equipment, medical supplies and equipment, industrial metal products, industrial machines and equipment, aluminium profiles, food packaging machines, vehicles (agricultural and industrial), gas systems, heating/air-conditioning machines, burners, automotive colours, furniture materials, supermarket chains, coffee traders, lubricants, and distributors of agricultural fertilizers

Construction industry companies undertake private and public projects in sectors such as general infrastructure, telecom infrastructure, industrial buildings, greenhouses, etc.

The **services** industry includes: banking, telecommunications (fixed and mobile telephony), legal, logistics, aviation, marketing services (communication/advertising), media (radio, television) information technology (electronic payments systems, software networks), healthcare, courier, real estate, leasing, travel agency, hotel management, and consulting engineering services.

Appendix 6: Investment Opportunities in Host Market Vs. Home Market



Source: Author's survey (152 firm observations)

Appendix 7: Business Returns of Greek Investors in Bulgaria and FYROM

Business Returns & Investment Regrets	Country of Investment		χ2 test, df, N, p values
	Investors in Bulgaria %	Investors in F.Y.R.O.M %	
Investment Returns Already:			
YES	80.2	59.5	χ2 (1, N=128) =5.925 p =.015.
NO	19.8	40.5	
Total	100	100	
Investment Decision Regrets :			
YES	1.1	29.7	χ2 (1, N=128) =25.379 p <.0001.
NO	98.9	70.3	
Total	100	100	

Source: Author's survey (based on 130 companies)

Appendix 8: Parent & Affiliate Industry Type of Investments in Percentages %

Pareny Industry Type	Manufacturing	Trade	Services	Construction	χ2 test, df, N, p values
Industry Type of Investment for the Affiliate in Bulgaria & FYROM:					
Manufacturing	57.4	3.4	0.0	0.0	χ2 (9, N=130) =236.131 p <.0001
Trade	40.7	93.1	9.1	14.3	
Services	1.9	3.4	87.9	0.0	
Construction	0.0	0.0	3.0	85.7	
Total	100	100	100	100	

Source: Author's survey (based on 130 companies)

Appendix 9: Logistic Regression Using OLI Variables (Model Country)

The dependent variable Country represents the investor's decision to invest in FYROM or in Bulgaria: if the investment is in Bulgaria, (large market, more developed, stronger competition) the dependent variable is 0, and 1 for investment in FYROM, (small market, less developed, weak competition).

OLI Variables Used for Logistic Regression Model Country

		Traditional OLI Advantages (Based on Dunning & Lundan, 2008)	Operationalisation of Traditional OLI Framework
Traditional OLI Advantages	Ownership Advantages	Property Rights and/or Intangible Asset Advantages **Oa, (The Resource, Asset, Structure of the Firm)**	**Well-known Brand Name in the Host Country**
		Property Rights and/or Intangible Asset Advantages **Oa (Innovatory Capacity)**	**Capacity to Use Specific Technology and Innovate in the Home Market**
		Advantages of Common Governance, that is, of Organising Oa with Complementary Assets **(Ot) (Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (e.g., Economies of Scope & Specialisation),**	**Mergers & Acquisitions of the Parent Company Ownership Advantages**
		Advantages of Common Governance, that is, of Organising Oa with Complementary Assets **(Ot) (Which Specifically Arise Because of Multinationality, Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs)**	**Company Presence (FDI) in Other Countries**
		Advantages of Common Governance, that is, of Organising Oa with Complementary Assets **(Ot) (Ability to Diversify or Reduce Risks)**	**Investment in Order to Establish Barriers of Entry for Future Competitors**
	Locational Advantages Institutional	Cross-Country Ideological, Language, Cultural, Business, and Political Differences	**Similarities in Mentality & Culture To Home Market**
	Internalization Advantages	To Avoid Search & Negotiating Costs	**Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield**
Control Variables		***Company Age (Establishment Year- Parent Company)** ***Company Size** ***Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)** ***Headquarters Base (North or South Based Company)** ***Industry Type (Manufacturing-Trade Vs Services-Construction)**	

Based on Dunning & Lundan (2008)

In this case, we include the traditional OLI variables and more specifically, "Well-known Brand Name in the Host Country" (Property Rights and/or Intangible Asset Advantages Oa, The Resource, Asset, Structure of the Firm), "Capacity to Use Specific Technology and Innovate in the Home Market" (Property Rights and/or Intangible Asset Advantages Oa, Innovatory Capacity), "Mergers and Acquisitions of the Parent Company" (Advantages of Common Governance, that is, of Organizing Oa

with Complementary Assets (Ot), Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (e.g., Economies of Scope & Specialisation), "Company Presence (FDI) in Other Countries" (Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), which arise Specifically because of Multinationality, Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs) and for O advantages we include "Investment in Order to Establish Barriers of Entry for Future Competitors" (Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Ability to Diversify or Reduce Risks) **as ownership advantages.**

For locational advantages, we include in the model "Similarities in Mentality and Culture to Home Market" (Locational Advantages Institutional, Cross-Country Ideological, Language, Cultural, Business, and Political Differences).

Also, for **internalization Advantages** we add "Company's Mode of Entry in the Host Market: Acquisition- Joint Venture – Greenfield" (Internalization Advantages (I), To Avoid Search & Negotiating Costs).

Our control variables are "Company Age", "Company Size", "Year of Entry in the Host Market", "Headquarters Base" and "Industry Type".

As already mentioned in relation to the previous analysis in the thesis, the sample includes a total of 152 Greek companies - 102 of which invested in Bulgaria and 50 in FYROM including 22 which invested in both Bulgaria and FYROM. To enable adequate statistical analysis, we excluded these 22 companies wherever we use the variable country (Greek investors in FYROM Vs Greek investors in Bulgaria).

Appendix 9.(1): Country Model Correlation Matrix Using OLI Variables

		Correlations Country Model : Greek Investors in BULGARIA Vs Greek Investors in FYROM												
		COUNTRY	Well-known Brand Name in the Host Country	Capacity to Use Specific Technology and Innovate in the Home Market	Mergers & Acquisitions of the Parent Company Ownership Advantages	Company Presence (FDI) in Other Countries	Investment in Order to Establish Barriers of Entry for Future Competitors	Similarities in Mentality & Culture with Home Market	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	Company Age (Establishment Year- Parent Company)	Company Size	Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	Headquarters Base (North or South Based Company)	Industry Type (Manufacturing-Trade Vs Services-Construction)
		COUNTRY												
advantages	-O-	Well-known Brand Name in the Host Country	.102											
	-O-	Capacity to Use Specific Technology and Innovate in the Home Market	.000	.018										
	-O-	Mergers & Acquisitions of the Parent Company Ownership Advantages	.193*	-.064	-.118									
	-O-	Company Presence (FDI) in Other Countries	.109	-.076	-.239**	.489**								
	-O-	Investment in Order to Establish Barriers of Entry for Future Competitors	.013	.012	.212*	-.192*	-.224*							
	-L-	Similarities in Mentality & Culture with Home Market	-.011	.061	-.010	-.121	-.242**	.122						
	-I-	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	-.198*	.011	-.124	.125	.127	-.169	-.101					
Control Variables		Company Age (Establishment Year- Parent Company)	.065	-.127	-.139	.344**	.237**	-.058	-.054	.048				
		Company Size	-.208*	.138	.206*	-.587**	-.540**	.282**	.216*	-.277**	-.456**			
		Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	-.075	-.029	-.093	.004	.242**	-.140	.051	.142	.182*	-.154		
		Headquarters Base (North or South Based Company)	.419**	-.023	-.070	.396**	.122	-.043	-.092	-.041	.201*	-.441**	-.066	
		Industry Type (Manufacturing-Trade Vs Services-Construction)	-.178*	-.096	-.120	-.018	.146	.025	.005	.069	.412**	-.058	.331**	-.179*
		*. Correlation is significant at the 0.05 level (2-tailed).												
		**. Correlation is significant at the 0.01 level (2-tailed).												

Source: Author's survey (based on 130 companies)

The initial results of the model are not significant (see, correlation above, appendix 9.1). To improve the model, we decided not to drop the OLI variables which were used to check the robustness of the traditional OLI variables. Instead, we excluded the control variable "Company Size", which shows relatively high correlations with two Ownership advantage variables - "Mergers and Acquisitions" of the Parent Company (-.540**) and "Company Presence (FDI) in Other Countries" (-.587**). Now, with the new Correlation matrix we re-run the model.

Appendix 9.(2): Country Model Correlation Matrix Using OLI Variables (*Without Control Variable, Company Size)

		Correlations Country Model : Greek Investors in BULGARIA Vs Greek Investors in FYROM												
			COUNTRY	Well-known Brand Name in the Host Country	Capacity to Use Specific Technology and Innovate in the Home Market	Mergers & Acquisitions of the Parent Company Ownership Advantages	Company Presence (FDI) in Other Countries	Investment in Order to Establish Barriers of Entry for Future Competitors	Similarities in Mentality & Culture with Home Market	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	Company Age (Establishment Year- Parent Company)	Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	Headquarters Base (North or South Based Company)	Industry Type (Manufacturing-Trade Vs Services-Construction)
		COUNTRY												
advantages	-O-	Well-known Brand Name in the Host Country	.102											
	-O-	Capacity to Use Specific Technology and Innovate in the Home Market	.000	.018										
	-O-	Mergers & Acquisitions of the Parent Company Ownership Advantages	.193*	-.064	-.118									
	-O-	Company Presence (FDI) in Other Countries	.109	-.076	-.239**	.489**								
	-O-	Investment in Order to Establish Barriers of Entry for Future Competitors	.013	.012	.212*	-.192*	-.224*							
	-L-	Similarities in Mentality & Culture with Home Market	-.011	.061	-.010	-.121	-.242**	.122						
	-I-	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	-.198*	.011	-.124	.125	.127	-.169	-.101					
Control Variables		Company Age (Establishment Year- Parent Company)	.065	-.127	-.139	.344**	.237**	-.058	-.054	.048				
		Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	-.075	-.029	-.093	.004	.242**	-.140	.051	.142	.182*			
		Headquarters Base (North or South Based Company)	.419**	-.023	-.070	.396**	.122	-.043	-.092	-.041	.201*	-.066		
		Industry Type (Manufacturing-Trade Vs Services-Construction)	-.178*	-.096	-.120	-.018	.146	.025	.005	.069	.412**	.331**	-.179*	
		*. Correlation is significant at the 0.05 level (2-tailed).												
		**. Correlation is significant at the 0.01 level (2-tailed).												

Source: Author's survey (based on 130 companies)

Appendix 9.(3): Logistic Regression Country Model Using OLI Variables

Logistic Regression - Country Greek Investors in Bulgaria Vs Greek Investors in FYROM		Model a		Model b	
		b/p	exp	b/p	exp
O L I PROXIES					
Property Rights and/or Intangible Asset Advantages (Oa) : The Resource (Asset) Structure of the Firm	Well-known Brand Name in the Host Country	0.247	1.28	0.247	1.28
		(0.223)	(0.223)	(0.199)	(0.199)
Property Rights and/or Intangible Asset Advantages (Oa) : Innovatory Capacity	Capacity to Use Specific Technology and Innovate in the Home Market	0.19	1.209	0.08	1.086
		(0.710)	(0.710)	(0.868)	(0.868)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot) : Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (eg, Economies of Scope & Specialisation)	Mergers & Acquisitions of the Parent Company Ownership Advantages	0.265	1.303	0.154	1.167
		(0.658)	(0.658)	(0.787)	(0.787)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Which Specifically Arise Because of Multinationality : Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs	Company Presence (FDI) in Other Countries	0.596	1.815	0.568	1.764
		(0.321)	(0.321)	(0.303)	(0.303)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Which Specifically Arise Because of Multinationality :Ability to Diversify or Reduce Risks	Investment in Order to Establish Barriers of Entry for Future	0.024	1.024		
		(0.891)	(0.891)		
Locational Advantages (L) Institutional : Cross-Country Ideological, Language, Cultural, Business, Political Differences	Similarities in Mentality & Culture with Home Market	0.037	1.037		
		(0.864)	(0.864)		
Internalization Advantages (I) : To Avoid Search & Negotiating Costs	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	-0.501*	0.606*	-0.525*	0.591*
		(0.079)	(0.079)	(0.058)	(0.058)
Control Variables					
P r o x i e s					
Company Age	Establishment Year- Parent Company	0.023	1.023	0.038	1.039
		(0.876)	(0.876)	(0.794)	(0.794)
Year of Entry in the Host Market	Prior 2001 in the Host Market - After 2001	0.192	1.212	0.087	1.091
		(0.703)	(0.703)	(0.856)	(0.856)
Headquarters Base	North or South Based Company	1.852	6.370	1.767	5.852
		(0.000)	(0.000)	(0.000)	(0.000)
Industry Type	Manufacturing-Trade Vs Services-Construction	-0.801	0.449	-0.860	0.423
		(0.179)	(0.179)	(0.143)	(0.143)
logit statistics	constant	-2.297	0.101	-1.756	0.173
		(0.108)	(0.108)	(0.115)	(0.115)
N		130		130	
Hosmer and Lemeshow Test		.469		.956	
Cox & Snell R Square		.219		.218	
Nagelkerke R Square		.312		.308	
-2 Log likelihood		117.872		122.309	
df_m		11		9	
chi2		30.148		30.517	
aic		141.8		142.3	
bic		175.5		170.5	
legend: * p<.1; ** p<.05; *** p<.01					

Source: Author's survey (based on 130 companies)

However, the performance of both the models we tested (a, b) remains the same. The significant variables are one OLI advantage variable (Internalization Advantage 'Company's Mode of Entry in the Host Market'), and one control variable 'the Headquarters Base'. So, the determinants of OFDI when only traditional OLI variables are used are quite disappointing.

Appendix 10: Correlation Matrix Using Push-Pull Framework of the Model Country (Greek OFDI in a Country Level)

		Push Factors							Pull Factors							Control Variables					
	Correlations-Country Model																				
		Input Costs	Credit Time Payment Between Supplier - Customer	Competitors' Use of New Technology	Low Customer Purchasing Power in the Home market	New Products/Services for the Parent Company	New Products/Services for the Greek Market	Compensatory Investment for the Company's Home Market Share Reduction	Presence of Other Greek Public/Private Companies in the Host Market	Close Control Between Parent Company & the Foreign Affiliate	Export Development into Other Markets	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	Following Parent Company's Customers in the Host Market	Specific Company Incentives Offered by the Host Government	Regional Integration via Country's Position in Relation to EU Membership	Company Age (Establishment Year, Decades)	Company Size (Number of Employees for the Company Group)	Industry Type (Manyfacturing-Trade Vs Services-Construction)	Year of Entry in the Host Market (Prior 2001 in the host Market - After 2001)	Headquarters Base (North or South Based Company)	Company's Mode of Entry in the Host Market (Acquisition-Joint Venture - Greenfield)
Push Factors	Input Costs																				
	Credit Time Payment Between Supplier - Customer	.449**																			
	Competitors' Use of New Technology	.361**	.233**																		
	Low Customer Purchasing Power in the Home market	.361**	.449**	.383**																	
	New Products/Services for the Parent Company	.110	.061	-.094	-.023																
	New Products/Services for the Greek Market	.112	.079	-.021	.046	.797**															
	Compensatory Investment for the Company's Home Market Share Reduction	.199*	.285**	.086	.431**	.061	.104														
Pull Factors	Presence of Other Greek Public/Private Companies in the Host Market	-.061	-.039	-.031	-.010	-.104	-.006	.003													
	Close Control Between Parent Company & the Foreign Affiliate	.226*	.213*	.150	.056	.090	.067	.086	-.023												
	Export Development into Other Markets	.268**	.066	-.001	.035	.244**	.317**	.007	-.016	.313**											
	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	.463**	.163	.200*	.208*	.181*	.208*	.193*	-.187*	.242**	.353**										
	Following Parent Company's Customers in the Host Market	-.162	-.134	.013	.004	-.165	-.150	-.037	.422**	-.169	-.157	-.296**									
	Specific Company Incentives Offered by the Host Government	.a	.a	.a	.a	-.045	-.041	-.077	-.067	-.063	-.007	-.045	-.058								
	Host Country in EU	-.177*	-.209*	-.117	-.234**	-.056	-.137	-.153	.137	-.163	-.167	-.309**	.143	-.088							
Control Variables	Company Age (Establishment Year, Decades)	-.072	.128	.016	.094	-.087	.005	.201*	.115	-.024	-.040	-.095	.192*	.107	.010						
	Company Size (Number of Employees for the Company Group)	-.141	-.365**	-.230*	-.307**	.083	-.022	-.407**	-.018	-.188*	-.074	-.003	.023	.a	.095	-.456**					
	Industry Type (Manyfacturing-Trade Vs Services-Construction)	-.395**	-.222*	-.106	-.123	-.180*	-.148	-.024	.241**	-.151	-.158	-.452**	.301**	.166	.202*	.412**	-.058				
	Year of Entry in the Host Market(Prior 2001 in the host Market - After 2001)	-.077	-.007	-.111	-.015	-.151	-.045	.089	.285**	-.194*	-.032	-.154	.157	-.017	.405**	.182*	-.154	.331**			
	Headquarters Base (North or South Based Company)	.195*	.355**	.182*	.253**	.089	.052	.373**	-.214*	.283**	.091	.236**	-.302**	-.073	-.218*	.201*	-.441**	-.179*	-.066		
	Company's Mode of Entry in the Host Market (Acquisition- Joint Venture - Greenfield)	-.082	.047	.071	.064	-.414**	-.369**	.030	.054	-.161	-.201*	-.285**	.190*	-.082	.150	.048	-.277**	.069	.142	-.041	
	**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed). a. Cannot be computed because at least one of the variables is constant.																				

Source: Author's survey (based on 130 companies)

Appendix 11: Foreign Affiliate Company, Competitors in the Host Market

Foreign Affiliate Company Background Information	Investors in Bulgaria %	Investors in F.Y.R.O.M %	χ2 test, df, N, p values
Are your Competitors Mainly Greek in the Host Market ?			
YES	41.3	17.9	χ2 (1, N=103) = 4.942 p =.026
NO	58.7	82.1	
TOTAL	100	100	

Source: Author's survey (based on 130 companies)

Appendix 12: Foreign Affiliate Company, Presence of Greek Public/Private Companies

Foreign Affiliate Company Information	Investors in Bulgaria %	Investors in F.Y.R.O.M %	Kruskal-Wallis Test
Presence of Greek Public/Private Companies in the Host Market as a Motive of Investment			
No Incentive	40.7	68.4	χ2=8.903 (1), p =.003
Low Incentive	6.6	13.2	
Moderate Incentive	26.4	5.3	
Great Incentive	17.6	7.9	
The Greatest Incentive	8.8	5.3	
Total	100	100	

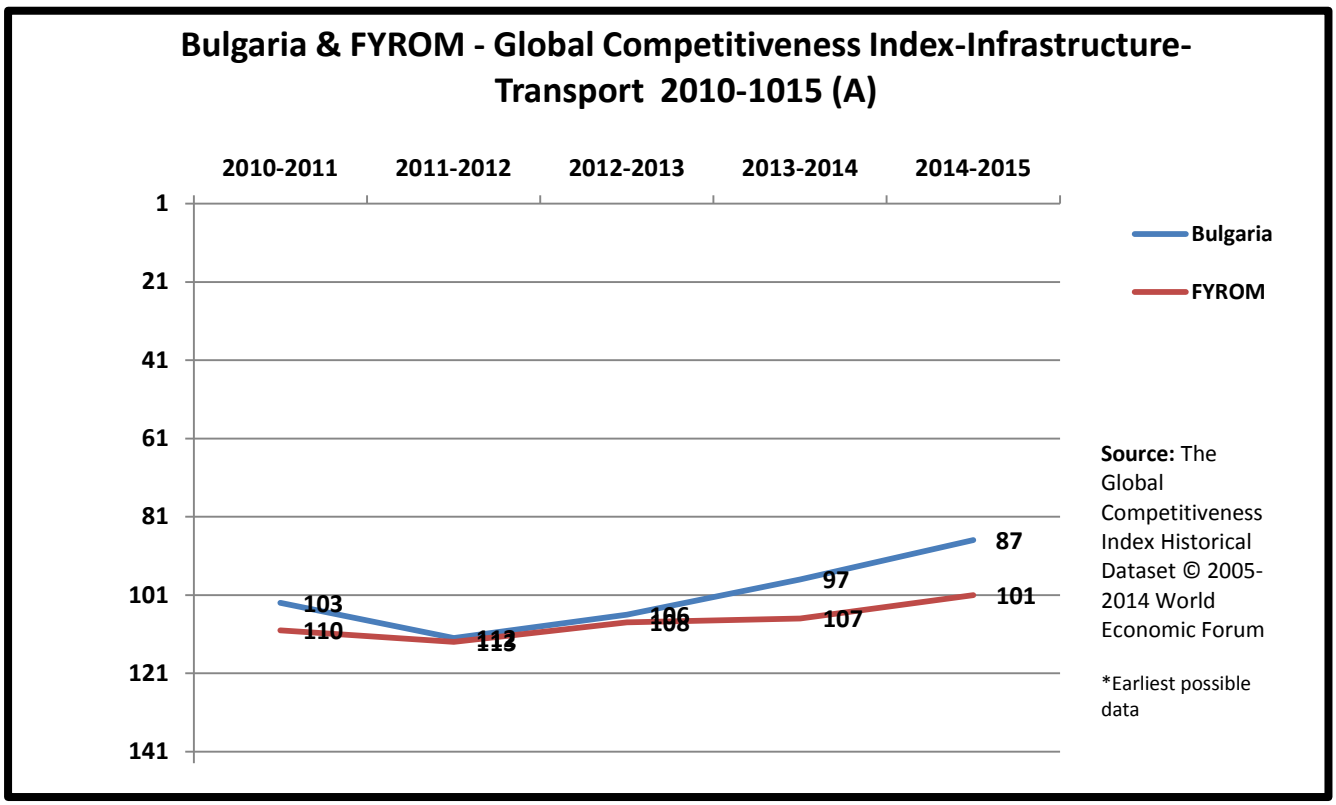
Source: Author's survey (based on 130 companies)

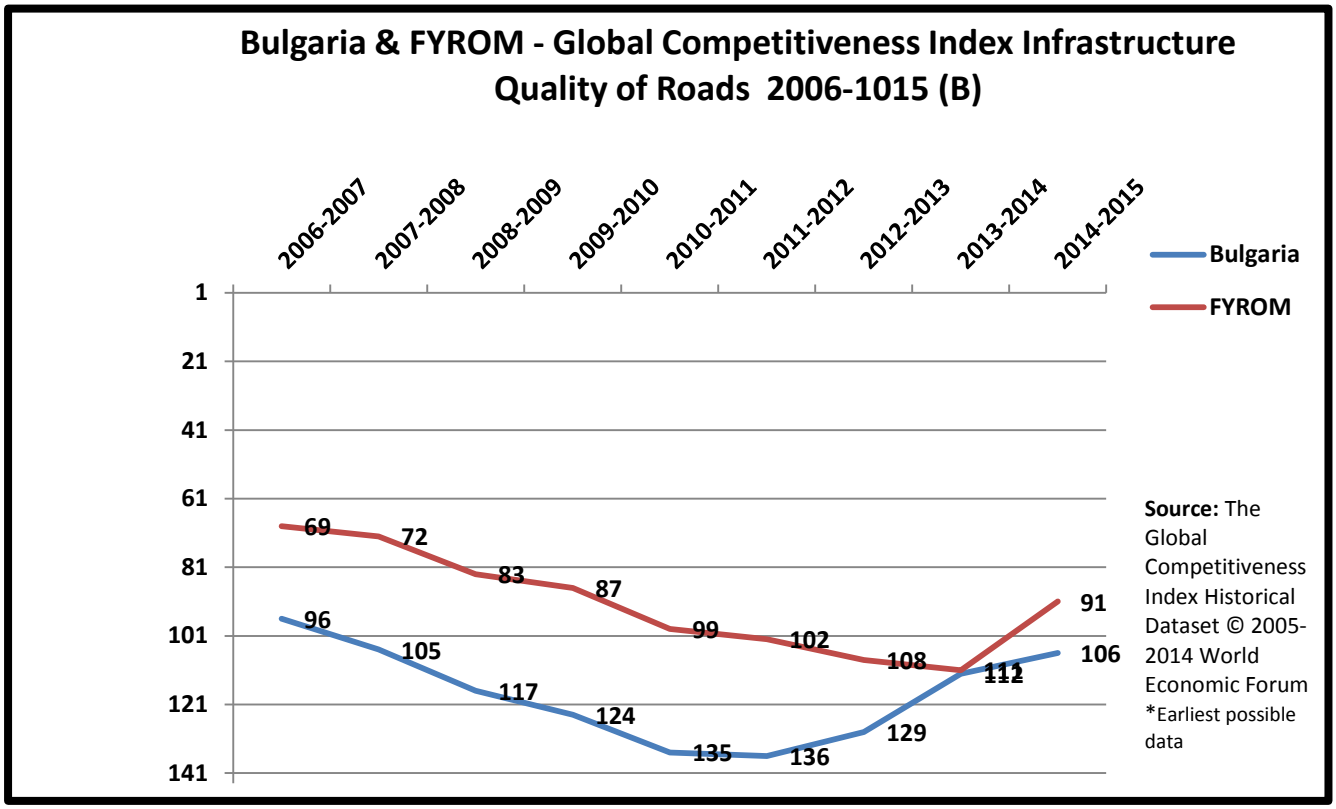
Appendix 13: North (Thessaloniki) South (Athens) Based Greek Outward Investors and Their Internationalisation

Parent Company Foreign Affiliate Presence in:		Home Market Company Location		χ2 test, df, N, p values
		South Investors %	North Investors %	
Central East European	*YES*	50.7	32.0	χ2 (1, N=125) =4.260 p =.039.
	NO	49.3	68.0	
European Union	*YES*	44.0	16.0	χ2 (1, N=125) =10.671 p =.001.
	NO	56.0	84.0	

Source: Author's survey (based on 130 companies)

Appendix 14: Assessment of Quality of Transport Infrastructure & Quality of Roads in Bulgaria & FYROM





Appendix 15: Operationalisation of the OLI Framework Augmented with the Push-Pull Factors

Overall, the push pull framework can be understood as an alternative to OLI theory. Pull factors include and extend Dunning's list of OLI characteristics. Push factors are defined as all those "negative pressures" in the home market which force the company to internationalise in order to survive. Thus, push factors are not included in the classical "positive based" OLI framework by their definition. In a way, it can be understood and named as "negative ownership advantages" in a broad context of OLI without being categorized in classical OLI elements. In the following tables, for reference reasons we operationalise the OLI framework augmented with push–pull factors.

As it can be observed, the first two columns (OLI elements and Operationalisation) present OLI variables while in the 3rd column we present our modification for OLI factors. The 4th column describes pull factors that are used from OLI framework and if these are operationalisations or modifications of OLI. The last column is for push factors that by definition are not included in OLI.

Appendix:15. (1): Operationalisation of the OLI Framework Augmented with the Push-Pull Factors (Ownership Advantages)-A

Operationalisation of the OLI Paradigm Augmented With the Push-Pull Factors					
	OLI elements	**Operationalisation**	**Modified**	**Pull Factors**	**Push Factors**
	Ownership Advantages				
1	**Property Rights and/or Intangible Asset Advantages (Oa)**				
A	**The Resource (Asset) Structure of the Firm:**	***Capacity to Deal Effectively with Quality and Productivity Issues in the Foreign Affiliate** ***Capacity to Deal Effectively with Internal Company's Rearrangements & Employee Training in the Foreign Affiliate** ***Skilled Personnel in the Foreign Affiliate** ***Well-known Brand Name in:** **a) the Host Market (as an Investment Motivation)** **b) in Comparison with your Local & Foreign Competitors in Host Market**	**(vs. Local and vs. Foreign Competitors)** ***Trade Credibility (vs. Local and vs. Foreign Competitors)**	**Well-known Brand Name in the Host Country (operationalisation)** New Pull Proxy: Positive Demand Conditions in the Host Market	Push factors are defined as all those "negative pressures" in the home market which force the company to internationalise in order to survive. Thus, push factors are not included in the classical "positive based" OLI framework by their definition. In a way, it can be understood and named as "negative ownership advantages" in a broad context of OLI without being categorized in classical OLI elements.
B	**Product innovations:**	***Company Products/Services Know-How in the Host Market (vs. Local and vs. Foreign Competitors)** ***Better Product/Service Quality in the Host Market (vs. Local and vs. Foreign Competitors)** **Deal With Competition in the Greek Market via Product/Service Differentiation than Competitors* ***Research & Implementation of New Technologies In the Host Market**			
C	**Production Management:**	**(vs. Local and vs. Foreign Competitors)** ***Capacity to Manage Effectively the Host Company** ***Product/Service Variety/Diversity in the Host Market**	**(vs. Local and vs. Foreign Competitors)** ***Adaptation Product/Service to Local Conditions**		
D	**Organisational & Marketing Systems:**	**(vs. Local and vs. Foreign Competitors in the Host Market)** ***Managerial Coordination** ***Overall Organizational Abilities**			
E	**Innovatory Capacity:**	**Capacity to Use Specific Technology and Innovate in the Home Market*			
F	**Noncodifiable Knowledge:**	***Capacity to Acquire Business Information in the Host Market**	**Competitive Intangible Advantages in the Host Market vs. Local and vs. Foreign Competitors:** **a) Market Knowledge** **b) Industry Knowledge** **c) Business Know-How** **d) Broad Product/Service Knowledge**		
G	**Accumulated Experience in Marketing, Finance, etc.:**	***Capacity to Develop Business Plans in the Host Market**	***Product/Service Know-How in the Host Market (vs. Local and vs. Foreign Competitors)**		
H	**Ability to Reduce Costs of Intra- and/or Inter-Firm Transactions (also influenced by Oi):**		**(vs. Local and vs. Foreign Competitors)** ***Low Operational Cost in the Host Market** ***Low Product/Service Price in the Host Market** ***Flexibility in Product/Service** **Deal With Competition in the Home Market:* *a) Via Import & Trade of Intermediate/Final Products than Competitors* *b) Via Lower Cost Than Competitors*		

Note: Operationalisation and expansion/modified categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company. Source: Column 1 based on Dunning and Lundan, (2008) and columns 2 – 5 author's operationalisations and expansions

Appendix 15. (2): Operationalisation of the OLI Framework Augmented with the Push-Pull Factors (Ownership Advantages) -B

Operationalisation of the OLI Paradigm Augmented With the Push-Pull Factors					
2 i	**Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot)**	**Operationalisation**	**Modified**	**Pull Factors**	**Push Factors**
A	Those that Branch Plants of Established Enterprises May Enjoy Over De Novo Firms				**Push factors are defined as all those "negative pressures" in the home market which force the company to internationalise in order to survive. Thus, push factors are not included in the classical "positive based" OLI framework by their definition. In a way, it can be understood and named as "negative ownership advantages" in a broad context of OLI without being categorized in classical OLI elements.**
B	Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (eg, Economies of Scope & Specialisation)	**Mergers & Acquisitions of the Parent Company* ***Mergers or Buy-Outs in the Foreign Affiliate after Establishment**			
C	Exclusive or Favoured Access to Inputs (eg, Labour, Natural Resources, Finance, Information)				
D	Ability to Obtain Inputs on Favoured Terms (eg As a Result of Size or Monopsonistic Influence)				
E	Ability of Parent Company to Conclude Productive & Cooperative Interfirm Relationships		***Parent Financial Support For the Affiliate (vs. Local and vs. Foreign Competitors)**		
F	Exclusive or Favoured Access to Product Markets				
G	Access to Resources of Parent Company at Marginal Cost				
H	Synergistic Economies (Not Only in Production, but in Purchasing, Marketing, Finance, etc Arrangements)				
2 ii	**Which Specifically Arise Because of Multinationality**				
A	Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs	**Company Presence (FDI) in:* *a) Other Countries (besides Bulgaria & FYROM)* *b) European Union* *c) Other Developed (except EU)* *d)South East Europe (besides Bulgaria & FYROM)* *e) Central East European* *f) Underdeveloped (except SEE & CEE)* **Parent Company (Export/Other Investment Activities) Prior To Any Initial Foreign Affiliate Establishment*			
B	More Favoured Access to and/or Better Knowledge About International Markets (eg for Information, Finance, Labour, etc)				
C	Ability to Take Advantage of Geographic Differences in Factor Endowments, Government Regulation, Markets, etc				
D	Ability to Diversify or Reduce Risks	**Investment in Order to Establish Barriers of Entry for Future Competitors*		**Entry in the Host Market to Create Entry Barriers, (Operationalisation),** New Pull Proxy: Asset Acquisition in the Host Market	
E	Ability to Learn from Societal Differences in Organisational & Managerial Processes & Systems (Also Influenced by Oi)				

Note: Operationalisation and expansion/modified categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company.

Source: Column 1 based on Dunning and Lundan, (2008) and columns 2 – 5 author's operationalisations and expansions

Appendix 15.(3): Operationalisation of the OLI Framework Augmented with the Push-Pull Factors (Ownership Advantages) -C

Operationalisation of the OLI Paradigm Augmented With the Push-Pull Factors					
3	**Institutional Assets (Oi)**	**Operationalisation**	**Modified**	**Pull Factors**	**Push Factors**
A	**The Formal & Informal Institutions That Govern The Value-Added Processes Within the Firm, and Between the Firm and its Stakeholders**				**Push factors are defined as all those "negative pressures" in the home market which force the company to internationalise in order to survive. Thus, push factors are not included in the classical "positive based" OLI framework by their definition. In a way, it can be understood and named as "negative ownership advantages" in a broad context of OLI without being categorized in classical OLI elements.**
B	**Codes of Conduct, Norms and Corporate Culture**	***Capacity to Cooperate in the Host Market:** **a) Across Different Cultures** **b) With Untrustworthy Internal Business Partners** **c) With Untrustworthy External Business Partners**			
C	**Incentive Systems and Appraisal**				
D	**Leadership and Management of Diversity**				

Note: Operationalisation and expansion/modified categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company.

Source: Column 1 based on Dunning and Lundan, (2008) and columns 2 – 5 author's operationalisations and expansions

Appendix 15.(4): Operationalisation of the OLI Framework Augmented with the Push-Pull Factors (Location Advantages-Cost Related)

Operationalisation of the OLI Paradigm Augmented With the Push-Pull factors					
1	**Locational Advantages Cost Related**	**Operationalisation**	**Modified**	**Pull Factors**	**Push Factors**
A	**Input Prices, Quality & Productivity (e.g. Labour, Energy, Materials, Components, Semifinished Goods)**	*Low Cost of Labour Force *Low Cost of Other Factors of Production/Services		**Low Cost of Labour Force, (Operationalisation),** *New Proxy: Financial Motives Provided by the Host Market* **Low Cost of Other Factors of Production/Services, (Operationalisation),** *New Proxy: Financial Motives Provided by the Host Market*	**Push factors are defined as all those "negative pressures" in the home market which force the company to internationalise in order to survive. Thus, push factors are not included in the classical "positive based" OLI framework by their definition. In a way, it can be understood and named as "negative ownership advantages" in a broad context of OLI without being categorized in classical OLI elements.**
B	**International Transport & Communication Costs**	*Capacity to Deal Effectively with Transport Costs	*Prompt Raw Material Supply & Services Provision from the Parent Company	**Prompt Raw Material Supply & Services Provision from the Parent Company, (Modified)** *New Proxy: Geographical Proximity with the Host Market*	
C	**Spatial Distribution of Natural & Created Resource Endowments and Markets**	*Export (or orher modalities) Opportunity in Neighbourhood Markets		**Export (or Orher Modalities) Development into Other Markets, (Operationalisation),** *New Proxy:Positive Demand Conditions in the Host Market*	
D	**Economies of Agglomeration & Spillovers**	*Local Company Cooperation Offered *Foreign Company Cooperation Offered		**Local Company Cooperation Offered, (Operationalisation),** *New Proxy: Linkages between Home-Host Companies* **Foreign Company Cooperation Offered**, (Operationalisation), New Proxy: Linkages between Home-Host Companies	
E	**Artificial Barriers to Trade in Goods & Services (e.g Import Controls)**	*Capacity to Deal Effectively with High Tariff Costs			
F	**Infrastructure Provisions (Educational, Transport & Communication)**	*Capacity to Deal Effectively with : *Poor Infrastructure *Obsolete Technology	*Capacity to Deal Effectively with Difficulty In Finding Local Managers		

Note: Operationalisation and expansion/modified categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company.

Source: Column 1 based on Dunning and Lundan, (2008) and columns 2 – 5 author's operationalisations and expansions

Appendix 15.(5): Operationalisation of the OLI Framework Augmented with the Push-Pull Factors (Location Advantages- Institutional Related) -A

Operationalisation of the OLI Paradigm Augmented with the Push-Pull factors					
2	**Locational Advantages Institutional**	**Operationalisation**	**Modified**	**Pull Factors**	**Push Factors**
A	**Cross-Country Ideological, Language, Cultural, Business, Political Differences**	*Similarities in Mentality & Culture with Home Market *Investments Due to Geopolitical History (e.g Historical Links in the Area) *Deal Effectively with Issues such as Nationality	*Host Market Knowledge *Business Know-How in the Host Country *Capacity to Deal Effectively with Difficulties In Acquiring Market Knowledge (in the Host Market)	**Similarities in Mentality & Culture with Home Market, (Operationalisation),** *New Pull Proxy: Institutional Specificities in the Host Market* **Host Market Knowledge, (Modified)***New Pull Proxy: Geographical Proximity with the Host Market* **Investments Due to Geopolitical History & Previous Historical Links in the Area (Operationalisation),** *New Pull Proxy: Institutional Specificities in the Host Market* **Business Know-How in the Host Country, (Modified),** *New Pull Proxy: Geographical Proximity with the Host Market*	**Push factors are defined as all those "negative pressures" in the home market which force the company to internationalise in order to survive. Thus, push factors are not included in the classical "positive based" OLI framework by their definition. In a way, it can be understood and named as "negative ownership advantages" in a broad context of OLI without being categorized in classical OLI elements.**
B	**Legal & Regulatory System (e.g., Protection of Propriety Rights, Credible Enforcement)**	*Tax Incentives **Capacity to Deal Effectively With :** *Frequent Changes in Investment Legislation *Bureaucracy *Labour Legislation *Obstacles from Trade Unions/Strikes *Layoff Regulations *High Taxation *Inability of Full Ownership (in the Host Market)		**Tax Incentives, (Operationalisation),** *New Pull Proxy: Financial Motives Provided by the Home Market & Regional Institutions*	

Note: Operationalisation and expansion/modified categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company. Source: Based on Dunning and Lundan, (2008) and author's operationalisations and expansions

Source: Column 1 based on Dunning and Lundan, (2008) and columns 2 – 5 author's operationalisations and expansions

Appendix 15. (6): Operationalisation of the OLI Framework Augmented with the Push-Pull Factors (Location Advantages- Institutional Related) -B

Operationalisation of the OLI Paradigm Augmented With The Push-Pull Factors					
2B	**Locational Advantages Institutional**	**Operationalisation**	**Modified**	**Pull Factors**	**Push Factors**
C	**Investment Incentives & Disincentives (Including Performance Requirements,etc.)**	*Gaining Market Share *Large Customer Base *Market Growth *Asset Acquisition Investment (e.g. Machinery, Land) *EU/Greek Government Financial Support Measures *Greek Government/Private Industry Loan Support *Specific Company Incentives (Offered by the Host Government) *Risk Reduction Investment in Different Countries *Favourable Trade Agreements (Bilateral or Multilateral) *Company Participation in Host Country Privatization Plan *Entry in Host Market Technology or Local Company Technology *Lack of Production Factors in Greece *Raw Material Access & Security Control World *Lack of Business Partner, Licensee, Franchisee *New Products/Services for the Parent Compa *New Products/Services for the Greek Market ***Capacity to Deal Effectively with :*** *Macroeconomic Instability *Political Instability *Local Currency Instability *Poor Availability Export Credit Lines *Poor Banking System -Financial *Do not Face Issues with Grey Market *Do not Face Issues with Crime	*Political Contacts In the Host Market (vs. Local and vs. Foreign Competitors) *Excellent Business Contacts in the Host Country (vs. Local and vs. Foreign Competitors) *Proximity between Parent Company & the Foreign Affiliate (Important for Control purposes) *South East European Regional Business Agreement *Comparatively Higher Entrepreneurial Opportunities **(in Host Market vs Home)** *Higher Host Investment Profit Compared to the Home One *Low Competition in the Host Market *Presence of Competitors in the Host Market or/and S.E.E *Old Technology/Machinery Transfer in Countries with Low Scale Production ***Capacity to Deal Effectively with:** * Difficulties Due to Slow Transitional Process (of Bulgaria & FYROM in Comparison with Other C.E.E Countries) *Comparatively High Investment Risk (In Bulgaria & FYROM with Other SEE Countries) *Insecure Business Environment (Host Market vs. Home Market) *Lack of Political will to Assist FDI * Poor Customer Payments *Low Customer Purchasing Power in the Host Market *Do not Face Issues with Corruption of High Level Administration *Do not Face Issues with Corruption of Low Level Administration	***Acquisition of the Market Share , (Operationalisation)*** *New Pull Proxy: Asset Acquisition in the Host Market* ***South East European Regional Business Agreement, (Modified)*** *New Pull Proxy:Financial Motives Provided by the Home Market & Regional Institutions* ***Large Customer Base, (Operationalisation)*** *New Pull Proxy:Positive Demand Conditions in the Host Market* ***Market Growth (Parent Company's Products/Services), (Operationalisation)*** *New Pull Proxy:Positive Demand Conditions in the Host Market* ***Asset Acquisition Investment,(Operationalisation)*** *New Pull Proxy: Asset Acquisition in the Host Market* ***EU/Greek Government Financial Support Measures, (Operationalisation)*** *New Pull Proxy:Financial Motives Provided by the Home Market & Regional Institutions* ***Greek Government/Private Industry Loan Support, (Operationalisation)*** *New Pull Proxy:Financial Motives Provided by the Home Market & Regional Institutions* ***Specific Company Incentives Offered by the Host Government, (Operationalisation)*** *New Pull Proxy:Financial Motives Provided by the Home Market & Regional Institutions* ***Risk Reduction Investment in Different Countries, (Operationalisation)*** *New Pull Proxy: Financial Motives Provided by the Home Market & Regional Institutions* ***Political Contacts In the Host Market (vs. Local and vs. Foreign Competitors)(Modified)*** *New Pull Proxy:Linkages between Home-Host Companies* ***Excellent Business Contacts in the Host Country (vs. Local and vs. Foreign Competitors)(Modified)*** *New Pull Proxy:Linkages between Home-Host Companies* ***Low Competition in the Host Market, (Modified)*** *New Pull Proxy:Lack of Competitive Pressures in the Host Market:* ***Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties), (Operationalisation)*** *New Pull Proxy: Financial Motives Provided by the Home Market & Regional Institutions* ***Company Participation in Host Country Privatization Plan, (Operationalisation)*** *New Pull Proxy:Institutional Specificities in the Host Market* ***Entry in Host Market Technology or Local Company Technology, (Operationalisation),*** *New Pull Proxy:Asset Acquisition in the Host Market* ***Lack of Production Factors in Greece, (Operationalisation)*** *New Pull Proxy:Asset Acquisition in the Host Market* ***Raw Material Access & Security Control worldwide, (Operationalisation)*** *New Pull Proxy:Asset Acquisition in the Host Market* ***New Products/Services for the Parent Company, (Operationalisation)*** *New Pull Proxy:Asset Acquisition in the Host Market* ***New Products/Services for the Greek Market, (Operationalisation)*** *New Pull Proxy:Asset Acquisition in the Host Market* ***Lack of Business Partner, Licensee , Franchisee, (Operationalisation)*** *New Pull Proxy: Institutional Specificities in the Host Market* ***Presence of Competitors in the Host Market or/and S.E.E, (Modified)*** *New Pull Proxy: Institutional Specificities in the Host Market* ***Higher Host Investment Profit Compared to the Home one, (Modified)*** *New Pull Proxy: Lack of Competitive Pressures in the Host Market* ***Old Technology/Machinery Transfer in Countries with Low Scale Production, (Modified)*** *New Pull Proxy: Financial Motives Provided by the Host Market :* ***Proximity between Parent Company & the Foreign Affiliate (Important for Control Purposes),(Modified)*** *New Pull Proxy: Geographical Proximity with the Host Market*	**Push factors are defined as all those "negative pressures" in the home market which force the company to internationalise in order to survive. Thus, push factors are not included in the classical "positive based" OLI framework by their definition. In a way, it can be understood and named as "negative ownership advantages" in a broad context of OLI without being categorized in classical OLI elements.**
D	**Economic System & Strategies of Government**		*Regional Integretion via Host Country participation in EU	***Regional Integretion via Host Country participation in EU (Operationalisation)*** *New Pull Proxy: Institutional Specificities in the Host Market*	

Note: Operationalisation and expansion/modified categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company. Source: Column 1 based on Dunning and Lundan, (2008) and columns 2 – 5 author's operationalisations and expansions

Appendix 15.(7): Operationalisation of the OLI Framework Augmented with the Push-Pull Factors (Internalization Advantages)

Operationalisation of the OLI Paradigm Augmented With The Push-Pull Factors					
1	Internalization Advantages (I)	Operationalisation	Modified	Pull Factors	Push Factors
A	To Avoid Search & Negotiating Costs	Company's Mode of Entry in the Host Market (Acquisition Wholly-Majority, Joint Venture Local-Foreign, Greenfield)			
		Previous Relationship with the Host Country (Imports-Exports)			
B	To Avoid Costs of Moral Hazard & Adverse Selection And To Protect The Reputation Of The Internalizing Firm	Why FDI and Not Any Other Indirect Investment (Investment Security, Control & Quality, Direct Customer Contact, Opportunism Avoidance, Lack of Skilled Companies/Personnel, Other such as: (Bounded Rationality Avoidance, Avoid Loss of Internal Business Information, Avoid Use of Company Internal Technology with Others, Communication Misunderstandings, Lack of Bilateral Agreements to Avoid Double Taxation, Lack of Export Credit Lines, Industry Feature (If No Direct Investment, No Investment At All),			
C	To Avoid Cost of Broken Contracts & Ensuing Litigation				
D	Buyer Uncertainty About Nature & Value of Inputs (e.g., of Technology Being Sold)				
E	When Market Does Not Permit Price Discrimination				
F	Need of Seller to Protect Quality of Intermediate or Final Products				
G	To Capture Economies of Interdependent Activities (Influenced by Ot)				
H	To Compensate For The Absence of Future Markets				
K	To Avoid or Exploit Government Intervention (Quotas, Tariffs, Price Controls, Tax Differences, etc.)				
L	To Control Supplies & Conditions of Sale of Inputs (Including Technology)	Foreign Affiliate Merging Type with the Parent Company (Vertical Forward, Vertical Backward, Horizontal, Diversified)			
M	To Control Market Outlets (Including Those Which Might be Used by Competitors)				
N	To be Able to Engage in Practices, Such as Cross-Subsidisation, Predatory Pricing, Leads & Lags, and Transfer Pricing as a Competitive (or Anticompetitive) Strategy.				

Note: Operationalisation and expansion/modified categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company. Source: Column 1 based on Dunning and Lundan, (2008) and columns 2 – 5 author's operationalisations and expansions

Appendix 15.(8): New OLI Factors Used within the Push – Pull Framework

Operationalisation of the New OLI factors (Augmented With The Push-Pull Factors)			
	Ownership Advantages (New)	**Pull Factors**	**Push Factors**
1	**Market Knowledge (Om) - Capacity to Deal with :**		
A	*Lack of Business know-How in the Host Market		
B	*Market Knowledge Difficulties in the Host Market		
C	*Difficulties in Gathering Business Information		
2	**Management Competence :**		
A	*Management Implementation in the Foreign Affiliate		
3	**Long Term Business Relationships :**		
A	*Long-Run Business Contracts (vs. Local and vs. Foreign Competitors)		
4	**Links with Home Market Suppliers (Ohl) :**		
A	*Company Cooperating **Mostly** With Other Greek Companies Operating in the **Host Market**		
B	*Company Cooperating **Mostly** With Other Greek Companies Operating in **S.E.E**		
C	*Company Cooperating With **Other** Greek Companies Operating in the Host Market		
	Location Advantages (New)		
1	**Home Market Pressures (Location Disadvantages)**		
A	*Compensatory Investment Due to Increase of Home Market Industry Competition		*Compensatory Investment Due to Increase of Home Market Industry Competition, (New OLI Element) **Push Proxy: Increased Competitive Pressures in the Home Market**
B	*Compensatory Investment for the Company's Home Market Share Reduction		*Compensatory Investment for the Company's Home Market Share Reduction, (New OLI Element) **Push Proxy: Increased Competitive Pressures in the Home Market**
2	**Linkages With Home Market Firms**		
A	*Following Customers/Clients to the Host Market	*Following Customers/Clients to the Host Market, **(New OLI Element), Push Proxy:Linkages between Home-Host Companies**	
B	*Presence of Other Greek Public/Private Companies in the Host Market	*Presence of Other Greek Public/Private Companies in the Host Market, **(New OLI Element), Push Proxy:Linkages between Home-Host Companies**	
	Internalization Advantages (New)		
1	**Financial and Legal Links Between Parent and Foreign Affiliate**		
A	*Protective Relationship Between Parent Company & Foreign Affiliate : **FDI Autonomous Relationship** Which Protects Both the Parent Company and the Foreign Affiliate		

Note: Operationalisation and expansion/modified categories (in bold) refer to advantages to the foreign affiliate; italics refer to the home market company. Source: Column 1 based on Dunning and Lundan, (2008) and columns 2 – 5 author's operationalisations and expansions

Appendix 16:(1) Results Industries Verified by Parametric & Non-Parametric Tests (Separated in Four Parts 16(1), 16(2), 16(3), 16(4)

	Manufacturing	Trade	Services	Construction	Parametric & Non- Parametric Statistical Tests
	General Company Characteristics				
Company Age	Up to 1969 (61.7%)	Up to 1979 (53.4%)	Up to 1989 (59%)	Up to 1989 (70.6%)	$\chi2$ (18, N=146) =44.791 p <.0001
Company Size	up to 1000 (57.7%)	up to 250 (65.4%)	up to 1000 (51.5%)	up to 250 (60%)	$\chi2$ (15, N=133) =39.978 p <.0001
Home Market Company Location (South /North Part of Greece)	South (60.7%)	South (53.3%) & North (46.7%)	South (87.2%)	South (47.1%) & North (52.9%)	$\chi2$ (3, N=147) =13.067, p=.004
Parent Company M & A's	High (77%)	Low (40%)	High (74.4%)	Half (52.9%)	$\chi2$ (3, N=147) =14.860, p=.002
Member in the Stock Exchange Market	Half (54.1%)	Minor (13.3%)	Almost Half (42.1%)	Minor (5.9%)	$\chi2$ (3, N=146) =22.349, p<.0001
Market Share Change as a Major Cause for Investment Decision	Low (33.9%)	Half (51.7%)	Half (52.6%)	High (76.5%)	$\chi2$ (3, N=143) =10.706, p=.013
Parent Company Technology Advantages :					
Innovation of Technology Know-How	Low (36.1%)	Minor (3.4%)	Minor (13.2%)	Low (23.5%)	$\chi2$ (3, N=145) =14.570, p=.002
Diversifying Technology Know-How	Half (47.5%)	Minor (6.9%)	Low (28.9%)	Half (41.2%)	$\chi2$ (3, N=145) =15.343, p=.002
Increased Competitive Pressures :	**Push Factors**				
Increase in New Foreign Competitor Firms in the Home Market	Half (56%)	Half (58.3%)	Low (35.3%)	Low (18.8%)	$\chi2$ (3, N=124) =9.835, p=.020
Increased Competition Due to Existing Home Market Firms Growth	Low (32%)	Low (25%)	High (64.7%)	Half (43.8%)	$\chi2$ (3, N=124) =12.150, p=.007
Increased Competition as a MAIN Factor for Internationalisation	Low (24%)	Low (33.3%)	Minor, (11.8%)	Half (50%)	$\chi2$ (3, N=124) =9.188, p =.027
Industry Shrinkage	Minor (11.9%)	Low (40%)	Minor (13.9%)	High (64.7%)	$\chi2$ (3, N=142) =25.930, p<.0001
Industry Shrinkage as a MAIN Factor for Internationalisation	Minor (14.3%)	Low (33.3%)	No (0%)	High (63.6%)	$\chi2$ (3, N=35) =8.062, p=.045
Compensatory Investment Due to Increase of Home Market Industry Competition	No Problem (1)	Low Problem (2)	No Problem (1)	Medium Problem (3)	$\chi2$=12.458 (3), p=.006
Compensatory Investment for the Company's Home Market Share Reduction	No Problem (1)	No Problem (1)	No Problem (1)	Medium Problem (3)	$\chi2$=16.452 (3), p=.001
Adverse Institutional Environment :					
Credit Time Payment Between Supplier - Customer	Very High Problem (4)	Very High Problem (4)	No Problem (1)	Low Problem (2)	$\chi2$=9.460 (3), p=.024
Adverse Demand Conditions:					
Low Customer Purchasing Power	Medium Problem (3)	Medium Problem (3)	No Problem (1)	Medium Problem (3)	$\chi2$=10.662 (3), p =.014
De-Industrialization	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	$\chi2$=10.652 (3), p=.014
Changes in Customer's Habits	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	$\chi2$=10.042 (3), p =.018
Increased Production Costs in the Home Market:					
Input Costs	Medium Problem (3)	Low Problem (2)	No Problem (1)	Medium Problem (3)	$\chi2$=38.309 (3), p <.0001
Fixed Costs	Medium Problem (3)	No Problem (1)	No Problem (1)	No Problem (1)	$\chi2$=14.383 (3), p =.002
	Internationalisation				
Internationalisation Via FDI in :					
Central East European	Half (49.2%)	Low (26.7%)	High (64.1%)	Low (35.3%)	$\chi2$ (3, N=147) =10.612, p =.014
European Union	Half (52.5%)	Minor (13.3%)	Half (48.7%)	Minor (11.8%)	$\chi2$ (3, N=147) =19.839, p <.0001
Underdeveloped (except S.E.E & C.E.E)	Half (49.2%)	Minor (10%)	Half (51.3%)	Minor (5.9%)	$\chi2$ (3, N=147) =23.806, p <.0001
Other Developed (except E.U)	Low (27.9%)	Minor (3.3%)	Low (17.9%)	Minor (5.9%)	$\chi2$ (3, N=147) =10.218, p =.017
Internationalisation Via Exports *(or other modalities) :					
Prior To Any Initial Foreign Affiliate Establishment	Very High (88.5%)	Half (53.3%)	Low (35.9%)	Low (29.4%)	$\chi2$ (3, N=147) =37.460, p <.0001
In Bulgaria or/and F.Y.R.O.M Prior To Company's F.D.I	High (70%)	Low (38.7%)	Low (42.9%)	Low (27.8%)	$\chi2$ (3, N=151) =15.540, p =.001
Experience in Exports EU or/and Other Developed Countries	Very High (91.8%)	Half (43.3%)	High (71.8%)	Low (23.5%)	$\chi2$ (3, N=147) =40.429, p <.0001
Mainly Export*Oriented Parent Companies	Half (45.9%)	Minor (10%)	Minor (12.5%)	No (0%)	$\chi2$ (3, N=110) =16.678, p =.001

Source: Author's survey (based on 152 companies). Note: We use medians to compare differences between industries for the Likert scale data. This measure of central tendency is more appropriate as medians are not affected by outliers

Appendix 16: (2) Results Industries Verified by Parametric & Non-Parametric Tests

	Manufacturing	Trade	Services	Construction	Parametric & Non- Parametric Statistical Tests
Behavior In The Host Market:					
Industry of Investment	Manufacturing & Trade (57.4% & 37.7%)	Trade (93.5%)	Services (90.5%)	Construction (77.8%)	$\chi2$ (9, N=152) =260.302, p <.0001
Foreign Affiliate Year of Establishment	Prior & After 2001 (55.7% & 44.3%)	Prior & After 2001 (58.1% & 41.9%)	After 2001 (64.3%)	After 2001 (77.8%)	$\chi2$ (3, N=152) =9.979, p =.019
Home/Host Firm Relationship (Autonomous/Subsidiary)	Subsidiary (73.8%)	Autonomous (64.5%)	Subsidiary (64.3%)	(Autonomous/Subsidiary) (55.6% & 38.9%)	$\chi2$ (6, N=152) =20.768, p =.002
M&A Type between Parent Company-Foreign Affiliate	Horizontal (81.7%)	Horizontal (90.3%)	Horizontal (81%)	Horizontal (77.8%)	$\chi2$ (9, N=151) =21.417, p =.011
Mergings or Buy-Outs after Establishment:	Minor (16.4%)	Minor, (3.2%)	Low (21.4%)	No (0%)	$\chi2$ (3, N=152) =8.477, p =.037
Host Company Location	Capital City (62.3%)	Capital City (83.9%)	Capital City (100%)	Capital City (83.3%)	$\chi2$ (3, N=152) =22.520, p <.0001
Reasons For Choosing FDI	Investment Security, Control & Quality (46.4%) & Direct Customer Contact (21.4%)	Investment Security, Control & Quality (57.1%)	Investment Security, Control & Quality (25.6%) & Direct Customer Contact, (33.3%)	Other, (33.3%) & Avoid Opportunistic Behaviours (22.2%)	$\chi2$ (6, N=144) =14.247, p =.027
Parent Company Modified Products Provision to the Host Market	Low (32.8%)	Low (16.1%)	Minor (4.8%)	Low (27.8%)	$\chi2$ (3, N=152) =12.702, p =.005
Supplier - Customer Policy (between Parent Company & Foreign Affiliate)	High (73.8%)	High (67.7%)	Low (26.2%)	Low (38.9%)	$\chi2$ (3, N=152) =26.715, p <.0001
Parent Company Transfer Precise Business Know-How:	Very High (93.2%)	Very High (83.9%)	High (72.5%)	Very High (83.3%)	$\chi2$ (3, N=148) =7.834, p =.050
F.D.I Motives / Pull Factors					
Lack of Competitive Pressures:					
Low Competition in the Host Market	No Motive (1)	Very High Motive (4)	Average Motive (3)	Very High Motive (4)	$\chi2$=11.557 (3), p =.009
Linkages :					
Following Parent Company's Customers in the Host Market	No Motive (1)	No Motive (1)	Low Motive (2)	No Motive (1)	$\chi2$=32.955 (3),p <.0001
Presence of Other Greek Public/Private Companies in the Host Market	No Motive (1)	No Motive (1)	Average Motive (3)	Average Motive (3)	$\chi2$=15.936 (3), p =.001
Foreign Company Cooperation Offered	No Motive (1)	No Motive (1)	No Motive (1)	No Motive (1)	$\chi2$=17.514 (3), p =.001
Geographical Proximity Facilitates :					
Close Control Between Parent Company & the Foreign Affiliate	Very High Motive (4)	Very High Motive (4)	Average Motive (3)	Average Motive (3.5)	$\chi2$=10.931 (3), p =.012
Fast Raw Material Supply & Services Provision from the Parent Company	Average Motive (3)	Average Motive (3)	No Motive (1)	Average Motive (3.5)	$\chi2$=10.741 (3), p =.013
Export Development into Other Markets	Average Motive (3)	No Motive (1)	No Motive (1)	Average Motive (2.5*)	$\chi2$=11.171 (3), p =.011
Institutional Specificities:					
Company Participation in Host Country Privatization Plan	No Motive (1)	No Motive (1)	No Motive (1)	No Motive (1)	$\chi2$=9.308 (3), p =.025
Asset Acquisition:					
Acquisition of the Market Share	Very High Motive (4)	Very High Motive (4)	Very High Motive (4)	Low Motive (2)	$\chi2$=10.129 (3), p =.017
New Products/Services for the Parent Company	No Motive (1)	No Motive (1)	No Motive (1)	No Motive (1)	$\chi2$=18.602 (3), p <.0001
New Products/Services for the Greek Market	No Motive (1)	No Motive (1)	No Motive (1)	No Motive (1)	$\chi2$=9.747 (3), p =.021
Financial Motives Provided by the Home Market & Regional Institutions:					
Low Cost of Labour Force & Other Factors of Production/Services	Average Motive (3)	Average Motive (3)	Low Motive (2)	Average Motive (3)	$\chi2$=9.224 (3), p =.026
Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	No Motive (1)	No Motive (1)	No Motive (1)	No Motive (1)	$\chi2$=16.515 (3), p =.001
South East European Regional Business Agreement	No Motive (1)	No Motive (1)	No Motive (1)	No Motive (1)	$\chi2$=23.794 (3), p <.0001

Source: Author's survey (based on 152 companies).Note: We use medians to compare differences between industries for the Likert scale data. This measure of central tendency is more appropriate as medians are not affected by outliers.

Appendix 16: (3) Results Industries Verified by Parametric & Non-Parametric Tests

	Manufacturing	Trade	Services	Construction	Parametric & Non- Parametric Statistical Tests
	Company Problems in the Host Country (Initial & Present)				
Initial					
Institutional :					
Board Requirements by the Host Market Legislation	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	χ2=8.059 (3), p =.045
Labour Legislation	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	χ2=11.978 (3), p =.007
Layoff Regulations	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	χ2=12.207 (3), p =.007
Grey Economy Negatively Affecting Company Products	Average Problem (3)	Very High Problem (4)	No Problem (1)	No Problem (1)	χ2=15.377 (3), p =.002
Corruption of High Level Administration	Low Problem (2)	Average Problem (3)	No Problem (1)	Average Problem (3)	χ2=9.367 (3), p =.025
Corruption of Low Level Administration	Average Problem (3)	Very High Problem (4)	No Problem (1)	Average Problem (3)	χ2=10.296 (3), p =.016
Financial :					
Local Currency Instability	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	χ2=12.897 (3), p =.005
Tariff Costs	Low Problem (2)	Average Problem (3)	No Problem (1)	No Problem (1)	χ2=12.899 (3), p =.005
Adverse Demand Host Market Conditions :					
Low Customer Purchasing Power	Low Problem (2)	Average Problem (3)	Average Problem (3)	No Problem (1)	χ2=9.728 (3), p =.021
Present					
Institutional:					
Labour Legislation	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	χ2=13.134 (3), p =.004
Layoff Regulations	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	χ2=9.462 (3), p =.024
Grey Economy Negatively Affecting Company Products	Low Problem (2)	Low Problem (2.5)	No Problem (1)	No Problem (1)	χ2=9.335 (3), p =.025
Corruption of High Level Administration	No Problem (1)	Average Problem (3)	No Problem (1)	Low Problem (2.5)	χ2=8.446 (3), p =.037
Corruption of Low Level Administration	No Problem (1)	Average Problem (3)	No Problem (1)	Average Problem (3)	χ2=10.667 (3), p =.014
Political Instability	No Problem (1)	No Problem (1)	No Problem (1)	Low Problem (2)	χ2=8.537 (3), p =.036
Nationality	No Problem (1)	No Problem (1)	No Problem (1)	Low Problem (2)	χ2=11.473 (3), p =.009
Financial :					
Macroeconomic Instability	No Problem (1)	Low Problem (2)	No Problem (1)	No Problem (1)	χ2=8.466 (3), p =.037
Local Currency Instability	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)	χ2=8.141 (3), p =.043
Adverse Demand Host Market Conditions :					
Low Customer Purchasing Power	Low Problem (2)	Very High Problem (4)	Low Problem (2)	No Problem (1)	χ2=14.854 (3), p =.002
Low Customer Repayment	No Problem (1)	Low Problem (2)	No Problem (1)	No Problem (1)	χ2=9.153 (3), p =.027

Source: Author's survey (based on 152 companies). Note: We use medians to compare differences between industries for the Likert scale data. This measure of central tendency is more appropriate as medians are not affected by outlier

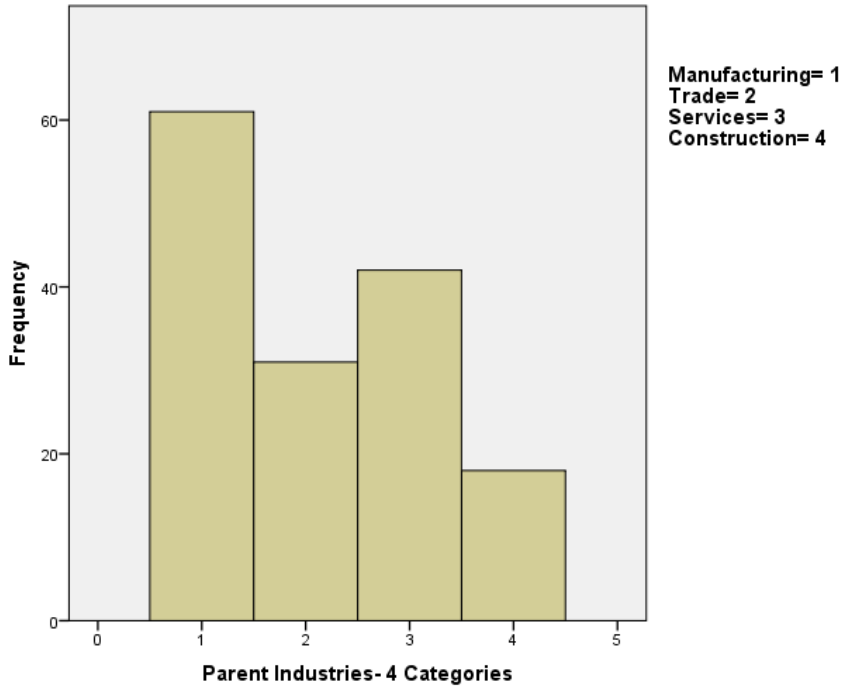
Appendix 16: (4) Results Industries Verified by Parametric & Non-Parametric Tests

	Manufacturing	Trade	Services	Construction	Parametric & Non- Parametric Statistical Tests
	Competitive Advantage in the Host Market over Local				
Product/Service Know-How in the Host Market	Half (55.6%)	Very High (80%)	Half (47.8%)	Very High (100%)	$\chi 2$ (3, N=85) 9.052 p =.029
	Competitive Advantage in the Host Market over Foreign				
Management Implementation	Low (23.3%)	Low (28.6%)	High (60.9%)	High (71.4%)	$\chi 2$ (3, N=74) 11.231 p =.011
	Management Competences				
Initial :					
Lack of Business Information Flow	Low (21.7%)	Half (48.4%)	Half (42.1%)	Low (33.3%)	$\chi 2$ (3, N=147) = 8.041, p=.045
Difficulties in Developing Business Plans	Low (26.7%)	Half (48.4%)	Minor (15.8%)	Low (38.9%)	$\chi 2$ (3, N=147) =9.652, p=.022
Current :					
Lack of Business know-How in the Host Market	Minor (5.1%)	Minor (12.9%)	Low (19.5%)	Low (27.8%)	$\chi 2$ (3, N=149) = 8.037, p=.045
Difficulties in Developing Business Plans	Minor (15%)	Low (29%)	Minor (7.7%)	Low (33.3%)	$\chi 2$ (3, N=148) =8.501, p=.037
	Targets				
Expansion of Sales:					
Increase in Intra-Trade Between Parent & Host Company	Average Target (3)	No Target (1)	No Target (1)	No Target (1)	$\chi 2$=11.583 (3), p =.009
In S.E.E via Host Market Foreign Affiliate	Average Target (3)	No Target (1)	No Target (1)	No Target (1)	$\chi 2$=20.399 (3), p <.0001
In EU/Developed Markets via Host Market Foreign Affiliate	No Target (1)	No Target (1)	No Target (1)	No Target (1)	$\chi 2$=20.989 (3), p <.0001
Investments In Foreign Affiliate:					
New Products/Services-Creation	Average Target (3)	No Target (1)	Average Target (3)	Average Target (3)	$\chi 2$=13.429 (3), p =.004
New Products/Services-Trade	High Target (4)	High Target (4)	No Target (1)	No Target (1)	$\chi 2$=21.596 (3), p <.0001
Position in the Host Market:					
Longevity	The Greatest Target (5)	The Greatest Target (5)	The Greatest Target (5)	The Greatest Target (5)	$\chi 2$=16.201 (3), p =.001
Future Merging or Joint Venture	No Target (1)	No Target (1)	No Target (1)	No Target (1)	$\chi 2$=15.276 (3), p =.002
Company Sell Out	No Target (1)	No Target (1)	No Target (1)	No Target (1)	$\chi 2$=12.808 (3), p =.005
Parent Company Investments In:					
Developed Countries	No Target (1)	No Target (1)	No Target (1)	No Target (1)	$\chi 2$=13.963 (3), p =.003
Post- Communist Countries	Average Target (3)	Low Target (2)	Average Target (3)	High Target (4)	$\chi 2$=13.878 (3), p =.003
	Risks				
Capital Risk for the Home Market Company	No Risk (1)	No Risk (1)	No Risk (1)	Low Risk (2.5)	$\chi 2$=14.621 (3), p =.002
Capital Risk for the Host Market Company	Low Risk (2)	Low Risk (2)	No Risk (1)	Low Risk (2)	$\chi 2$=17.748 (3), p <.0001
Insecure Business Environment in the Home Market for the Company	No Risk (1)	No Risk (1)	No Risk (1)	Medium Risk (3)	$\chi 2$=28.371 (3), p <.0001
Insecure Business Environment in the Host Market for the Company	No Risk (1)	Low Risk (2)	No Risk (1)	Low Risk (2)	$\chi 2$=22.216 (3), p <.0001
Possibility for Parent Company to be Transferred in the Host Market	Minor 3.3%	Minor 12.9%	Minor 5%	Low Possibility (27.8%)	$\chi 2$ (3, N=150) =11.925, p=.008
	Returns				
Investment Returns Already	High (67.2%)	High (74.2%)	Very High (89.7%)	Very High (94.4%)	$\chi 2$ (3, N=149) =10.317, p=.016
Delay in Investment Return Compared to the Estimated Yielding	Low (38.3%)	Low (38.7%)	Minor 15.4%	Minor (11.1%)	$\chi 2$ (3, N=148) =10.255, p=.017
More Investment Opportunities in Host Market vs Home	High (76.7%)	High (71%)	Very High (94.9%)	Very High (88.9%)	$\chi 2$ (3, N=148) =8.573, p=.036
	Cooperation				
Mainly With Other Greeks in the Host Market	Minor (3.3%)	Minor (3.2%)	Low (32.5%)	Half (44.4%)	$\chi 2$ (3, N=149) =29.703, p <.0001
Mainly With Other Greeks in S.E.E	No (0.0%)	No (0.0%)	Minor (12.5%)	Low (27.8%)	$\chi 2$ (3, N=149) =21.446, p <.0001
Generally With Other Greeks in the Host Market	Low (38.3%)	Half (48.4%)	High (75%)	High (72.2%)	$\chi 2$ (3, N=149) =15.841, p=.001

Source: Author's survey (based on 152 companies). Note: We use medians to compare differences between industries for the Likert scale data. This measure of central tendency is more appropriate as medians are not affected by outliers.

Appendix 17 : Shape Distribution of Parent Industries

Our dependent variable is Parent industry type (Manufacturing=1, Trade, Construction and Services) and the distribution is the following.



Source: Author's survey (based on 152 companies)

Appendix 18: Logistic Regressions Using OLI Variables (Model Industry)

We ran a logistic regression model for industry. As already discussed, we use a binary logistic regression for industries, thus, we use a dependent binary variable - industry type - which is coded as follows:

- If industry type=0, then the company belongs to the manufacturing or trade sector;
- If industry type=1, then the company belongs to the services or construction industry.

We created a logit model to test whether OLI variables are significant for explaining Greek OFDI firms' industry membership. We assume that in some industries OLI variables may be more relevant than in others.

In the initial model correlation matrix, when we run the logistic regression model, almost the same problems arose as in the country model with none of the OLI variables significantly correlated. We decided to drop one control variable (company size), which presented relatively high correlations with two OLI variables, in order to retain in the model the traditional OLI variables in line with the objective in the model construction.

Appendix 18. (1) Industry Model Correlation Matrix Using OLI Variables

Correlations Industry Model : (Manufacturing-Trade Vs Services-Construction)

			Industry Type (Manufacturing-Trade Vs Services-Construction)	Well-known Brand Name in the Host Country	Capacity to Use Specific Technology and Innovate in the Home Market	Company Presence (FDI) in Other Countries	Mergers & Acquisitions of the Parent Company Ownership Advantages	Investment in Order to Establish Barriers of Entry for Future Competitors	Similarities in Mentality & Culture with Home Market	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	Company Size	Company Age (Establishment Year- Parent Company)	Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	Headquarters Base (North or South Based Company)	Country
		Industry Type (Manufacturing-Trade Vs Services-Construction)													
OLI advantage variables	-O-	Well-known Brand Name in the Host Country	-.096												
	-O-	Capacity to Use Specific Technology and Innovate in the Home Market	-.120	.018											
	-O-	Company Presence (FDI) in Other Countries	.146	-.076	-.239**										
	-O-	Mergers & Acquisitions of the Parent Company Ownership Advantages	-.018	-.064	-.118	.489**									
	-O-	Investment in Order to Establish Barriers of Entry for Future Competitors	.025	.012	.212*	-.224*	-.192*								
	-L-	Similarities in Mentality & Culture with Home Market	.005	.061	-.010	-.242**	-.121	.122							
	-I-	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	.069	.011	-.124	.127	.125	-.169	-.101						
Control variables		Company Size	-.058	.138	.206*	-.540**	-.587**	.282**	.216*	-.277**					
		Company Age (Establishment Year- Parent Company)	.412**	-.127	-.139	.237**	.344**	-.058	-.054	.048	-.456**				
		Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	.331**	-.029	-.093	.242**	.004	-.140	.051	.142	-.154	.182*			
		Headquarters Base (North or South Based Company)	-.179*	-.023	-.070	.122	.396**	-.043	-.092	-.041	-.441**	.201*	-.066		
		Country	-.178*	.102	.000	.109	.193*	.013	-.011	-.198*	-.208*	.065	-.075	.419**	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Author's survey (based on 130 companies)

Appendix 18. (2) Industry Model Correlation Matrix Using OLI Variables (*Without Control Variable Company Size)

Correlations Industry Model : (Manufacturing-Trade Vs Services-Construction)

			Industry Type (Manufacturing-Trade Vs Services-Construction)	Well-known Brand Name in the Host Country	Capacity to Use Specific Technology and Innovate in the Home Market	Company Presence (FDI) in Other Countries	Mergers & Acquisitions of the Parent Company Ownership Advantages	Investment in Order to Establish Barriers of Entry for Future Competitors	Similarities in Mentality & Culture with Home Market	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	Company Age (Establishment Year- Parent Company)	Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	Headquarters Base (North or South Based Company)	Country
		Industry Type (Manufacturing-Trade Vs Services-Construction)												
OLI advantage variables	-O-	Well-known Brand Name in the Host Country	-.096											
	-O-	Capacity to Use Specific Technology and Innovate in the Home Market	-.120	.018										
	-O-	Company Presence (FDI) in Other Countries	.146	-.076	-.239**									
	-O-	Mergers & Acquisitions of the Parent Company Ownership Advantages	-.018	-.064	-.118	.489**								
	-O-	Investment in Order to Establish Barriers of Entry for Future Competitors	.025	.012	.212*	-.224*	-.192*							
	-L-	Similarities in Mentality & Culture with Home Market	.005	.061	-.010	-.242**	-.121	.122						
	-I-	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	.069	.011	-.124	.127	.125	-.169	-.101					
Control variables		Company Age (Establishment Year- Parent Company)	.412**	-.127	-.139	.237**	.344**	-.058	-.054	.048				
		Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	.331**	-.029	-.093	.242**	.004	-.140	.051	.142	.182*			
		Headquarters Base (North or South Based Company)	-.179*	-.023	-.070	.122	.396**	-.043	-.092	-.041	.201*	-.066		
		Country	-.178*	.102	.000	.109	.193*	.013	-.011	-.198*	.065	-.075	.419**	
		**. Correlation is significant at the 0.01 level (2-tailed).												
		*. Correlation is significant at the 0.05 level (2-tailed).												

Source: Author's survey (based on 130 companies)

Now, with the new correlation matrix we re-run the logistic regression model with the dependent variable industry.

Appendix 18. (3) Logistic Regression Industry Model

Logistic Regression -Industry Model : (Manufacturing-Trade Vs Services-Construction)		Model a	
		b/p	exp
OLI PROXIES			
Property Rights and/or Intangible Asset Advantages (Oa) : The Resource (Asset) Structure of the Firm	Well-known Brand Name in the Host Country	-0.070	0.932
		(0.760)	(0.760)
Property Rights and/or Intangible Asset Advantages (Oa) : Innovatory Capacity	Capacity to Use Specific Technology and Innovate in the Home Market	-0.222	0.801
		(0.689)	(0.689)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot) : Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (eg, Economies of Scope & Specialisation)	Mergers & Acquisitions of the Parent Company Ownership Advantages	-0.553	0.575
		(0.419)	(0.419)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Which Specifically Arise Because of Multinationality : Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs	Company Presence (FDI) in Other Countries	0.628	1.873
		(0.335)	(0.335)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Which Specifically Arise Because of Multinationality :Ability to Diversify or Reduce Risks	Investment in Order to Establish Barriers of Entry for Future Competitors	0.234	1.263
		(0.211)	(0.211)
Locational Advantages (L) Institutional : Cross-Country Ideological, Language, Cultural, Business, Political Differences	Similarities in Mentality & Culture with Home Market	0.100	1.106
		(0.650)	(0.650)
Internalization Advantages (I) : To Avoid Search & Negotiating Costs	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	0.053	1.054
		(0.866)	(0.866)
Control Variables			
P r o x i e s			
Company Age	Establishment Year- Parent Company	0.662***	1.939***
		(0.000)	(0.000)
Year of Entry in the Host Market	Prior 2001 in the Host Market - After 2001	1.449***	4.259***
		(0.008)	(0.008)
Headquarters Base	North or South Based Company	-0.975	0.377
		(0.106)	(0.106)
Country of Investment	Invest in Bulgaria/Invest in FYROM	-1.040	0.353
		(0.111)	(0.111)
logit statistics	constant	-4.307	0.013
		(0.007)	(0.007)
N		130	
Hosmer and Lemeshow Test		.519	
Cox & Snell R Square		.325	
Nagelkerke R Square		.448	
-2 Log likelihood		110.323	
df_m		11	
chi2		48.022	
aic		134.3	
bic		167.9	
legend: * p<.1; ** p<.05; *** p<.01			

Author's survey (based on 130 companies)

In the case of the industry model, the significant variables are two control variables - "Company Age (Establishment Year - Parent Company) " and "Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001) ". The OLI variables have little explanatory power to differentiate the drivers of FDI across different industries.

Appendix 19: Correlation Matrix of the Model Variables Industry (Greek OFDI in Industry Level)

			Push Factors						Pull Factors									Control Variables			
	Correlation-Industry Model																				
	Correletion Industry Binary (Manufacturing & Trade) Vs (Services & Construction)	Constant	Input Costs	Fixed Costs	Credit Time Payment Between Supplier - Customer	Competitors' Use of Different Management Models	Changes in Customer's Habits	De-Industrializati on in the Home Market	New Products/ Services for the Parent Company	Presence of Other Greek Public/Private Companies in the Host Market	Fast Raw Material Supply & Services Provision from the Parent Company	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	Low Cost of Labour Force	Low Cost of Other Factors of Production/ Services	Asset Acquisition Investment	Following Parent Company's Customers in the Host Market	Regional Integratio n via Host Country participati on in EU	Company Size (Number of Employees for the Company Group)	Company Age (Establishm ent Year, Decades)	Country of Investment (Invest in Bulgaria/Invest in FYROM)	Headquarters Base (North or South Based Company)
	Constant																				
Push Factors	Input Costs	.013																			
	Fixed Costs	-.186	-.357																		
	Credit Time Payment Between Supplier - Customer	-.146	-.305	.251																	
	Competitors' Use of Different Management Models	-.160	.017	-.003	-.060																
	Changes in Customer's Habits	-.043	-.037	-.170	-.124	.064															
	De-Industrialization in the Home Market	-.576	-.266	.293	.160	.090	.134														
Pull Factors	New Products/Services for the Parent Company	.092	.004	-.109	-.223	.146	.137	-.014													
	Presence of Other Greek Public/Private Companies in the Host Market	-.229	.126	-.289	-.267	.191	-.150	-.092	-.137												
	Fast Raw Material Supply & Services Provision from the Parent Company	-.160	-.243	-.028	.265	-.102	-.006	.277	.171	-.215											
	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	-.064	-.255	.151	.443	-.053	-.145	.160	-.368	-.074	.285										
	Low Cost of Labour Force	-.164	.195	.106	-.110	-.015	.039	.153	-.264	.109	-.146	-.102									
	Low Cost of Other Factors of Production/Services	-.019	-.187	-.165	-.102	.027	.004	.005	.343	-.096	.171	-.016	-.827								
	Asset Acquisition Investment	-.030	-.065	.358	.377	-.133	.100	.127	-.057	-.575	.003	.184	-.011	-.184							
	Following Parent Company's Customers in the Host Market	.259	.265	-.301	.012	-.257	-.108	-.484	.078	-.205	.035	.077	-.154	.110	.097						
	Regional Integration via Host Country participation in EU	-.159	.073	-.256	-.313	.114	.201	.058	.227	.134	-.036	-.212	.043	.154	-.288	-.120					
Control Variables	Company Size (Number of Employees for the Company Group)	-.727	-.010	.272	.200	-.128	-.183	.323	-.394	.228	-.150	-.033	.222	-.241	.081	-.275	-.116				
	Company Age (Establishment Year, Decades)	-.400	.162	-.172	-.439	.029	-.025	-.048	-.168	.493	-.430	-.359	.085	-.001	-.346	-.189	.110	.493			
	Country of Investment (Invest in Bulgaria/Invest in FYROM)	-.103	-.007	-.080	-.101	-.227	-.035	-.072	-.080	.226	.092	-.267	.166	-.165	-.237	-.135	.205	.205	.249		
	Headquarters Base (North or South Based Company)	-.250	-.048	.060	-.099	.033	-.080	.066	.016	-.023	-.063	-.079	-.168	.341	.049	.149	.035	.187	-.006	-.366	

Author's survey (based on 130 companies)

Appendix 20: Coding Background Information for the Questions Used to Identify O-L-I advantages

Tables 43, 44 and 46 show how each question was translated into OLI advantages. We applied two conventions:

1. For Yes/No questions, we assumed the existence of an OLI advantage if it answered yes. In very few cases, if the advantage was to answer No, (e.g. did you face risk problems for your investment? No, is an advantage) then we consider it appropriately.
2. Some of the variables were scored on a 1-5 Likert scale, where 1 was no incentive, and 5 was a great incentive (pull factors), or 1 was no problem, and 5 was a major problem (push factor). We grouped 1-2 responses and 3-5 responses to decide whether there was an advantage, e.g.

   Executives were asked if the host market large customer base was an incentive to invest. For those scoring 1-2 (i.e. no incentive) we assumed that there were no location advantages; for those scoring 3-5 we assumed there were location advantages.
3. There were some special cases where we asked companies if they had a problem before they entered the host market and if it persisted after entry. We assumed the following cases
   a. If they had no problems before entering the market, and none after entry, we assumed they had ownership advantages.
   b. If they had problems when they entered, but not afterwards, they had ownership advantages.

c. If they had no problems when they entered, but experienced problems in the host market, they had no ownership advantages.
d. If they had problems when they entered, and these persisted, they had no ownership advantages.

Appendix 21: Questions Used to Identify Ownership Advantages

Ownership Advantages Defined by the Following Proxies & Variables	Measurement Scale & Response Type	Other Parameters	Advantage if response
Host Company Management Competence & Business Operation Initial & Current in the Host Market :			
Capacity to Deal Effectively With:			
Untrustworthy External Business Partners	No= (0), Yes= (1)	These Questions were examined into a Time Framework, both Initial and Current Situation	Advantage if response Yes= (1)
Untrustworthy Internal Business Partners			
Quality and Productivity Issues in the Foreign Affiliate			
Business Information in the Host Market			
Internal Company's Rearrangements & Employee Training in the Foreign Affiliate			
Lack of Business know-How in the Host Market			
Market Knowledge Difficulties in the Host Market			
Management Issues in the Host Company			
Business Information Gathering in the Host Market			
Business Plans in the Host Market			
Different Cultures			
Parent Company's Competitive Internationanalization Advantages:			
Parent Company Export/Investment Activities *Prior To Any Initial Foreign Affiliate Establishment	No= (0), Yes= (1)		Advantage if response Yes= (1)
Company Presence (FDI) in Other Countries (besides Bulgaria & F.Y.R.O.M)			
Company Presence (FDI) in European Union			
Company Presence (FDI) in Other Developed (except E.U)			
Company Presence (FDI) in South East European (besides Bulgaria & F.Y.R.O.M)			
Company Presence (FDI) in Central East European			
Company Presence (FDI) in Underdeveloped (except S.E.E & C.E.E)			
Parent Company's Strategy to Deal with Competition in the Home Market: (Cost Advantages)			
Deal With Competition in the Greek Market via Import & Trade of Intermediate/Final Products Than Competitors	No= (0), Yes= (1)		Advantage if response Yes= (1)
Deal With Competition in the Greek Market via Lower Cost Than Competitors			
Deal With Competition in the Greek Market via Product/Service Price Lower Than Competitors			
Parent Company's Competitive Tecnological Advantages in the Home Market:			
Use of Specific Technology in the Home Market & Innovation of Technology Know-How in the Home Market	No= (0), Yes= (1)		Advantage if response Yes= (1)
Competitive Tangible Advantages in the Host Market vs LOCAL and Vs Foreign Competitors:			
Low Operational Cost	No= (0), Yes= (1)	These Questions examined both for Greek Vs Local and Greek Vs Foreign in the Host Market	Advantage if response yes= (1) in both cases over Local & Foreign in the Host Market
Low Product/Service Price			
Better Product/Service Quality			
Product/Service Variety			
Product/Service Adaptation to Host Market Particularities			
Flexibility in Product/Service			
Research & Implementation of New Technologies			
Competitive Intangible Advantages in the Host Market vs LOCAL and Vs FOREIGN Competitors:			
Managerial Coordination	No= (0), Yes= (1)	These Questions refer both to Greek Vs Local and Greek Vs Foreign in the Host Market	Advantage if response yes= (1) in both cases over Local & Foreign in the Host Market
Overall organizational abilities			
Skilled Personnel			
Product/Service Know-How in the Host Market			
Broad Product/Service Knowledge in the Host Market			
Well-Known Brand Name			
Trade Credibility			
Long-Run Business Contracts			
Business Contacts			
Political Contacts			
Parent Financial Stability in Case of Affiliates Financial Support			
Business Know-How in the Host Market			
Market Knowledge			
Industry Knowledge in the Host Market			
Company Products/Services Know-How			
Management Implementation in the Foreign Affiliate			
Ownership Advantages Via Linkages: (Advantages Through Synergies in the Host Market)			
Company Cooperating Mostly With Other Greek Companies Operating in The Host Market	No= (0), Yes= (1)		Advantage if response Yes= (1)
Company Cooperating Mostly With Other Greek Companies Operating in S.E.E			
Company Cooperating With Other Greek Companies Operating in the Host Market			
Positive Demand Conditions: (Brand Name) & Asset Acquisition: (Market Power Advantages)	Likert Scale 1-5 1=No motive Up to 5 =Great Motive (1 up to 2= No Motive, 3 up to 5 = Motive)		Motive if responded 3 Up to 5
Well-known Brand Name in the Host Country			
Investment in Order to Establish Barriers of Entry for Future Competitors			

Source: Author's Survey

Appendix 22: Questions Used to Identify Location Advantages

L-Advantages	Location Advantages defined by the following proxies & variables	Measurement Scale & Response Type	Other Parameters	Advantage if response
Host Market Incentives	**Positive Demand Conditions:**			
	Large Customer Base			
	Parent Company's Products/Services Market Growth			
	Asset Acquisition:			
	Acquisition of the Market Share			
	Lack of Competitive Pressures:			
	Low Competition in the Host Market			
Financial Motives	**Financial Motives Provided by the Host Market :**			
	Low Cost of Labour Force			
	Low Cost of Other Factors of Production/Services			
	Old Technology/Machinery Transfer in Countries with Low Scale Production			
	Lack of Competitive Pressures:			
	Higher Host Investment Profit Compared to the Home One			
	Financial Motives Provided by the Home Market & Regional Institutions:			
	Risk Reduction Investment in Different Countries			
	Specific Company Incentives Offered by the Host Government			
	Asset Acquisition:			
	Asset Aquisition Investment			
	Institutional Specificities:			
	Company Participation in Host Country Privatization Plan			
	Regional Integration via Host Country participation in EU			
	Financial Motives Provided by the Home Market & Regional Institutions:			
	EU/Greek Government Financial Support Measures	Likert Scale 1-5 1=No motive Up to 5 =Great Motive (1 up to 2= No Motive, 3 up to 5 = Motive)		Location Advantage if responded 3 Up to 5
	Greek Government/Private Industry Loan Support			
	Tax Incentives			
	South East European Regional Business Agreement			
	Linkages:			
	Excellent Political Contacts in the Host Country			
	Excellent Business Contacts in the Host Country			
	Local Company Cooperation Offered			
	Foreign Company Cooperation Offered			
	Following Parent Company's Customers in the Host Market			
Negative Home Market	**Negative Home Market Pressures as L-Advantage/Motivation (New Modification)**			
	Compensatory Investment Due to Increase of Home Market Industry Competition			
	Compensatory Investment for the Company's Home Market Share Reduction			
Geographical Proximity	**Geographical Proximity:**			
	Close Control Between Parent Company & the Foreign Affiliate			
	Prompt Raw Material Supply & Services Provision from the Parent Company			
	Host Market Knowledge			
	Business Know-How in the Host Country			
	Export Developement into Other Markets (or Other Modalities)			
	Financial Motives Provided by the Home Market & Regional Institutions:			
	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)			
	Institutional Specificities:			
	Presence of Competitors in the Host Market or/and S.E.E			
	Similarities in Mentality & Culture with Home Market			
	Investments Due to Geopolitical History & Previous Historical Links in the Area			
	Linkages:			
	Presence of Other Greek Public/Private Companies in the Host Market			
	Capacity to Deal With Financial Issues:			
	Transport Costs	Likert Scale, 1=No Problem Up to 5 =High Problem (1 up to 2= No Problem, 3 up to 5 = Problem)	These Questions Examined into a Time Framework, both problems faced Initially and Current Situation	Location advantage if responded 1 Up to 2
Human Capital Lack	**Capacity to Deal With Human Capital & Infrastructure Issues:**			
	Inefficient Infrastructure			
	Difficulty In Finding Local Executives			
	Obsolete Technology			
Institutional Problems	**Capacity to Deal With Institutional Issues:**			
	Inability of Full Ownership In The Host Market During Start Up Establishment			
	Inefficient Export Credit Lines			
	Lack of Political will to Solve Foreign Business Problems			
	Grey Economy Which Negatively Affecting Company Products			
	Frequent Investment Legislation Changes			
	Bureaucracy			
	Labour Legislation			
	Obstacles from Trade Unions/Strikes			
	Layoff Regulations			
Financial Political Problems	**Capacity to Deal With Financial & Political Issues:**			
	Political Instability			
	Macroeconomic Instability			
	High Investment Risk In Bulgaria & F.Y.R.O.M. in Comparison with Other S.E.E. Countries			
	Corruption of High Level Administration			
	Corruption of Low Level Administration			
	Banking System			
	Local Currency Instability			
	High Taxation			
	Tariff Costs			
Other	**Capacity to Deal With Other Issues:**			
	Nationality			
	Crime			
	Low Customer Purchasing Power			
	Poor Customer Payments			
	Difficulties In Acquiring Market Knowledge in the Host Market			
	Difficulties Due to Slow Transitional Process of Bulgaria & F.Y.R.O.M in Comparison with Other C.E.E Countries			
Risks Factors	**Capacity to Deal With Company Risks Issues:**	Likert Scale, 1=No Risk(Opport.) Up to 5 =High Risk,(Opport.) (1 up to 2= No Risk, (Opport.) 3 up to 5 = Risk, (Opport.)		Location advantage if responded 1 Up to 2
	Insecure Business Enviroment Host Market vs.Home Market			
Entr. Opp.	**Entrepreneurial Opportunities**			
	Entrepreneurial Judgement More Investment Opportunities in Host Market vs Home (Initial)			

Source: Author's survey

Appendix 23: Questions Used to Identify Internalization Advantages

Internalization Advantages Defined by the Following Proxies & Variables	Measurement Scale & Response Type
Company's Mode of Entry in the Host Market	1=Greenfield, 2=Whole or Majority Acquisition , 3=Joint Venture with Local/Foreign Entrepreneurs
Previous Trade Relations with the Host Country	Imports-Exports (1) Yes, internalisation advantage/ (0), No internalisation advantage
Reasons for Choosing F.D.I and Not Any Other Indirect Investment	1=Investment Security, Control & Quality, 2=Direct Customer Contact , 3=Opportunism Avoidance, 4=Lack of Skilled Companies/Personnel, 5=Other
Mergings & Acquisitions of the Parent Company (Home Market Internalization Advantages)	Yes/No
Mergings or Buy-Outs in the Host Market after Establishment (Host Company Merging /Buy-Out, Internalization Advantages)	Yes/No
Foreign Affiliate Merging Type With the Parent Company	1=Vertical FWD, 2=Vertical BWD, 3=Horizontal, 4=Diversified

Source: Author's Survey

Appendix 24: Ownership Advantages and the Questions Used to Construct the "Management Competencies" Proxy as an Example

Ownership		
Questions Used to Construct the Management Competencies		
Host Company Management Competence & Business Operation Initial & Current in the Host Market :		**Percentage %**
CAPACITY TO DEAL EFFECTIVELY WITH :		
	0	31%
Untrustworthy External Business Partners (Initial & Current)	1	69%
	0	22%
Untrustworthy Internal Business Partners (Initial & Current)	1	78%
	0	31%
Quality and Productivity Issues in the Foreign Affiliate (Initial & Current)	1	69%
	0	20%
Business Information in the Host Market (Initial & Current)	1	80%
Internal Company's Rearrangements & Employee Training in the Foreign	0	13%
Affiliate (Initial & Current)	1	87%
	0	16%
Lack of Business know-How in the Host Market (Initial & Current)	1	84%
	0	17%
Market Knowledge Difficulties in the Host Market (Initial & Current)	1	83%
	0	28%
Management Issues in the Host Company (Initial & Current)	1	72%
	0	24%
Business Information Gathering in the Host Market (Initial & Current)	1	76%
	0	22%
Business Plans in the Host Market (Initial & Current)	1	78%
	0	36%
Different Cultures (Initial & Current)	1	64%
Management Competencies in the Host Market		**76.38%**
Note: 0= No Ownership Advantage, 1=Ownership Advantage (They have ownership advantage if, they had no problem, and they still do not have) & (They have ownership advantage if they had a problem, and now they do not)		

Reliability Statistics

Cronbach's Alpha	N of Items
.848	11

Source: Author's survey

The results show that the Cronbach's Alpha Reliability Statistical Test is above the 0.70 threshold of acceptable reliability. The variables used to construct the management competencies are homogeneous and correlated to form a single factor. Thus, the underlying results share a common factor as outlined by our conceptual framework and measure the same underlying construct.

Appendix 25: Location Advantages and the Questions Used to Construct the "Geographical Proximity" Proxy as an Example

Location		
Questions Used to Construct Geographical Proximity		
Geographical Proximity Facilitates:		**Percentage %**
Presence of Competitors in the Host Market or/and S.E.E	0	76%
	1	24%
Presence of Other Greek Public/Private Companies in the Host Market	0	57%
	1	43%
Close Control Between Parent Company & the Foreign Affiliate	0	31%
	1	69%
Fast Raw Material Supply & Services Provision from the Parent Company	0	39%
	1	61%
Host Market Knowledge	0	36%
	1	64%
Business Know-How in the Host Country	0	32%
	1	68%
Export (or other modalities) Developement into other Markets	0	48%
	1	52%
Low Transport Costs -Tariffs-Tax Duty	0	80%
	1	20%
Transport Costs	0	95%
	1	5%
Similarities in Mentality & Culture with Home Market	0	67%
	1	33%
Geographical Proximity		**52.89%**

Source: Author's survey

Appendix 26: New Typology of Firms & Factor Analysis Results

We consider the two typologies used (Crisis vs Healthy, and Lead vs Satellites) as not mutually incompatible since the selection criteria for each group differ. The first group (Crisis Vs Healthy) includes companies affected by increased competition and industry shrinkage in the Greek market. This leads these firms to invest in FYROM or/and Bulgaria in order to compensate for their home market losses. The second group (Lead Vs Satellites) is based on companies (satellites) which followed (were pulled abroad by) the home market customers in the host market. Hence, the variables for each group are not interrelated and ***measure different dimensions of the firms' strategies or/and behaviour.*** However, to increase the validity of our results, we run a factor analysis on our samples.

Theoretical underpinning

The carriers of FDI are firms which are usually diverse entities and whose establishment abroad is driven by different determinants. In this part, we identify a new typology of firms based on push and pull variables, established at the aggregate level, for Greek OFDI. We hypothesize that aggregate push and pull variables may operate differently for different types of firms, i.e. we want to identify different types of firms based on different push or pull determinants.

Summary of the Method

Our participants are 152 Greek OFDI firms invested in Bulgaria and FYROM. We have discussed the limitations of existing theories to explain Greek OFDI and shown that a push-pull framework can be used to understand Greek OFDI. Factor analysis

should contribute to the conceptualization of a new firm typology based on the factorability of push and pull factors.

As already mentioned push variables represent all the negative pressures in the home market which push (force) the company to internationalise in order to survive. We categorize four types of push variables: "Increased Competition", "Adverse Demand Conditions", "Increased Production Costs in the Home Market" and "Adverse Institutional Environment". On the other hand, pull variables are host market features that pull (attract) the foreign company to invest in the host market. There are eight types of pull factors: "Geographical Proximity", "Financial Incentives Provided by the Host Market", "Financial Incentives Provided by the Home Government or other Regional Institutions", "Business Linkages", "Positive Demand Conditions", "Lack of Competitive Pressure", "Asset Acquisition and Institutional Specificities".

Due to their different conceptualizations, we ran separate factor analyses for push and pull variables.[142] All the data except 10 nominal push variables are measured on a Likert scale. The use of nominal data in factor analysis is not allowed (Roper, 1976), thus we exclude nominal data from the analysis. Responses on a Likert-type scale, range from 1 = "No pressure at all", 2 = "Little pressure", 3 = "Some pressure", 4 = "High pressure", 5 = "Highest pressure" for push variables, and from 1 = "No incentive at all", 2 = "Low incentive", 3 = "Moderate incentive", 4 = "High incentive", 5 = "Highest incentive" for the pull variables.

[142] We treat the variables separately due to some concerns.The technical part, i.e. the minimum amount of data for factor analysis, should be 5 times more than observations (Hair, Tatham et al. 1998). In our case, there are 55 (push and pull variables) *5 = 275 observations needed while our sample size is 152 observations (firms). Also, the creations of conceptually distinct and efficient factor names which provide a useful description of the underlying constructs is difficult for push and pull factors jointly.

Factor Analysis Results for Push Variables

Sample size adequacy: Our sample size is 152 observations (firms) and 15 push variables (we exclude 10 nominal binary yes/no variables). The minimum amount of data required factor analysis should be five times more than the number of observations (Hair, Tatham et al. 1998). In our case, there are 15 (push variables) *5 = 75 observations, thus this general rule is satisfied, with a final sample size of 152 with over 10 cases per variable.

Based on well-recognized criteria, the factorability of 15 push variables was examined first. Visual inspection of the correlation matrix[143] reveals that 8 of the 15 variables were correlated at least .3 with at least one other variable. This suggests that there are not sufficient correlations to justify application of factor analysis for push factors. However, Bartlett's test of sphericity, which tests the overall significance of all the correlations within the correlation matrix, is significant (χ^2 (105) = 410.437, p <.0001). This statistical test is another indicator of the appropriateness of factor analysis for this set of data. In addition, the Kaiser-Meyer-Olkin measure of sampling adequacy tests the strength of the relationships among the variables. In our case, it is .703, above the recommended value of .6, which suggests that the sample is factorable.

The diagonals of the anti-image correlation matrix[144] values are mostly over .5 except for "Limited Customers Due to Small Population"(.486); however, the rest justify their inclusion in the factor analysis.

[143] Please, see Appendix 26 (3) Correlations Push Variables FA, (p.356)
[144] Please, see Appendix 26 (4) Anti-image Push Variables FA, (p.357)

The Communalities[145] are mostly above .3, except for "Quality of Competitive Products" (.252) and "De-industrialization in Greece" (.295) indicating again that not every variable shares some common variance with the other variables. These values .252 and .295 quite close to .3 so we decided to keep them in the analysis. Although there is some degree of inefficiency in some indicators we proceeded with the factor analysis using all 15 push variables. Principal component analysis is used to reduce the number of variables while explaining the same amount of variance.

The initial Eigen values[146], show that the first factor explains 22.9% of the variance, the second factor 14.4% of the variance, the third factor 9.2 % of the variance and the fourth factor 7.7% of the variance. The four factors extracted 54.3% of all the variable variances.

[145] Please, see Appendix 26 (5) Communalities Push Variables FA, (p.358)
[146] Please, see Appendix 26 (6) Total Variance Explained Push Variables FA (p.358)

Appendix 26 (1) presents the matrix of loadings to obtain orthogonal (independent) factors (Varimax rotation) which tries to maximize the variance of each of the factors.

Appendix 26 (1): Varimax rotated component loadings for 15 push variables

Push Variables - FA Analysis Rotated Component Matrix[a]				
	Component			
	1	2	3	4
Wage Costs	**.481**	.174	.281	.373
Input Costs	**.451**	-.102	**.536**	.186
Fixed Costs	**.508**	.071	**.536**	.018
Tax Policy	.080	.184	.115	**.665**
Credit Time Payment Between Supplier - Customer	-.083	.207	**.489**	**.574**
Quality of Competitive Products	**.430**	-.167	.185	-.072
Low Price of Competitive Products	-.079	.190	**.637**	.106
Competitors' Use of New Technology	**.819**	.080	-.012	.052
Competitors' Use of Different Management Models	**.806**	-.045	-.134	.074
Low Customer Purchasing Power in the Home market	.147	.363	.217	**.538**
Limited Customers Due to Small Population	-.004	.171	.292	**-.726**
Changes in Customer's Habits	.111	.041	**.633**	-.032
De_industrialization in Greece	-.094	**.451**	.288	.012
Compensatory Investment Due to Increase of Home Market Industry Competition	-.009	**.879**	.034	.076
Compensatory Investment for the Company's Home Market Share Reduction	.025	**.859**	.010	.204
Extraction Method: Principal Component Analysis. a. Rotation converged in 6 iterations.				

The four factors

First Factor: Six variables (items) load onto Factor 1: "Wage Cost" (.481), "Input Costs" (.451), "Fixed Costs" (.508), "Quality of Competitive Products" (.430), "Competitors' Use of New Technology" (.819), and "Competitors' Use of Different Management Models" (.806). The key points of these variables are firms' operational costs, quality of products and services and competitors' profile and position in the home market. Conceptually, the variables with the higher loadings "Competitors' Use of New Technology", and "Competitors' Use of Different Management Models" on factor 1 should play a more determining role in naming the factor, e.g. this factor can be described as competitors' home market position, costs and quality of home market firms. However, factors should capture conceptually distinct name and content, which in our case is difficult to discern. After many trials, no conceptually meaningful factor

could be devised. This becomes more problematic if we recall that the purpose of this procedure is to reveal a new typology of firms.

Second Factor: Three variables load in this case related to "Greek De-Industrialization" (.451), "Compensatory Investments due to Increase of Home Market Industry Competition (.879) and Share Reduction" (.859). This seems to resemble a case of cause and effect, i.e. firms go abroad due to de-industrialization. De-industrialization, industry competition and market share reduction in the market can be said to have forced compensatory investments. Thus, this factor can be labelled "firms compensatory investments" though again it is difficult to attribute it to only one type of firm. These results suggest that it can be attributed to those firms that feel particularly affected by de-industrialization of the Greek economy. However, this is not behavioural feature of firm and, thus, seems only indirectly relevant to a typology of firms' behaviour.

Third Factor: In this case, there are five variables which load on Factor 3: the variables and factor loadings are: "Input Costs" (.536), "Fixed Costs" (.536), "Credit Time Payment between Suppliers – Customer" (.489), "Low Price of Competitive Products" (.637), "Changes in Customer's Habits" (.633). We start by discussing the higher loadings items which are "Low Price of Competitive Products" and "Changes in Customers' Habits". These in combination with the contribution of operational (Input, Fixed) Costs and Credit Time Payment for the company make for a very difficult business environment. This factor could be labelled "Adverse Internal and External Environment"; however, this is not an efficient or distinct label since there

are other variables which could fall into this range of adverse external and internal factors like those in factor 1, which are difficult to distinguish from this factor.

Finally, there are four variables (items) that load onto **the fourth factor:** "Increased Taxes" (tax policy) (.665), "Credit Time Payment Between Supplier – Customer" (.574), "Low Customer Purchasing Power in the Home market" (.538), "Limited Customers Due to Small Population" (-.726). Higher factor loadings are attributable to "Limited Customers due to Small Populations" and by "Increased Taxes" (tax policy); similarly, these variables should contribute more to the factor name which in combination with "Credit Time Payment between Supplier – Customer" and "Low Customer Purchasing Power" in the Home market should give a comprehensive factor name. However, this factor is difficult to conceptualize. We tried to use the push proxies used for the push variables[147]. Even if we disregard the fact that higher factor loadings should contribute more to the factor names because "Limited Customers due to Small Populations" is classified within "Adverse Demand Conditions in the Home Market proxy", and "Increased Taxes" (tax policy) is classified as "Adverse Institutional Environment in the Home Market", this is not an easy task.

"Limited Customers due to Small Populations" and "Low Customer Purchasing Power in the Home Market" are classified under "Adverse Demand Conditions in the Home Market" proxy while "Credit Time Payment between Supplier – Customer" and "Increased Taxes" (tax policy) are classified under "Adverse Institutional Environment in the Home Market". Conceptually, "Adverse Demand Conditions" and

[147] Please, see Table 8: Proxies for Push Factors, (p.116)

"Institutional Environment in the Home Market" are not really useful names for a factor which might reveal a meaningful new firm typology.

Although statistically we fulfil the minimum requirements of factor analysis, the creation of conceptually distinct and efficient factor names which provide a useful description of the underlying constructs, is not satisfactory. Hence, we agree with Hair, Tatham et al. (1998), who point out that "the critical assumptions underlying factor analysis are more conceptual than statistical".

Factor Analysis Results for Pull Variables

Sample size adequacy: The minimum amount of data for factor analysis, as already mentioned, should be five times more than the number of observations (Hair, Tatham et al. 1998). In our case, there are 40 (pull variables) *5 = 200 observations needed while our sample size is 152 observations (firms). "The common rule is to suggest that the researcher has at least 10-15 participants per variable" (Field, 2005 p. 638), in our case we have 3.8 participants per variable (152 participants divided by 40 variables).

According to Field (2005), sample size inadequacy affects the reliability of the factor analysis; however, for "***confirmatory***" reasons we proceed with our analysis.

Initially, the factorability of the 40 pull variables was examined using inter-correlation between variables (Field, 2005). The data screening of the correlation matrix,[148] reveals that only 23 of the 40 variables are correlated at least at .3 with at least one other variable. The rest, 17 out of 40 variables, do not show correlation with any other variable. ***This suggests non-satisfactory correlations to justify the application of factor analysis for pull factors.*** To try to solve this problem we adopt the suggestion in Field (2005) to exclude variables that do not correlate or that are very highly correlated (R<.9). So, we re-run the correlation matrix with only the appropriate variables. In order to increase validity we exclude two variables with the highest

[148] Please, see Appendix 26 (7) Correlations Pull Variables FA (p.359)

number of missing values.[149] The results show that 10 out of 20 variables are correlated with at least one variable at least .3.

We next tested the other indicators of the appropriateness of factor analysis. The Bartlett's test of sphericity is significant (χ^2 (190) = 833.440, p <.0001), but the Kaiser-Meyer-Olkin measure of sampling adequacy is .559, lower than the recommended value of .6, creating concerns about continuing with the analysis.

We next examine the diagonals of the anti-image matrix values. Again, in this case, there is a shortfall, 9 out of 20 diagonal elements are lower than .5 which is the minimum for sample adequacy.[150] In order to overcome also this problem, we adopted a more conservative strategy and did not drop all the values (below .5) as suggested by Field (2005), but only 3 variables with values around .3[151] The aim was to eliminate all these inefficiencies so that the sample could be factorable under at least minimum statistical recommendations. The anti-image correlation table improved and revealed only 3 variables with diagonal elements lower than .5. So, we used these 3 items also to strength our model further.

The last anti-image matrix[152] reveals values greater than .5. The new factor analysis shows better results for all indicators.

More specifically, the Bartlett's test of sphericity is significant (χ2 (91) = 577.259, p <.0001) and the Kaiser-Meyer-Olkin measure of sampling adequacy is .662, greater than the recommended value of .6. All the variable communalities are above .3 as

[149] Please, see Appendix 26 (8) Correlations Pull Variables FA (p.360)
[150] Please, see Appendix 26 (9) Anti-image Pull Variables FA (p. 361)
[151] Please, see Appendix 26 (10) Anti-image Pull Variables FA (p. 362)
[152] Please, see Appendix 26 (11) Anti-image Pull Variables FA (p. 363)

recommended[153]; further confirming that each variable (item) shares some common variance with other variables (items).

Given all these methodological efforts to make the overall test indicators comply with at least the minimum standard of statistical recommendations, factor analysis was deemed to be suitable for 14 variables (items) out of the initial 40 pull factors.

The initial Eigen values[154] show that the first factor explains 20.4% of the variance, the second factor 18.8% of the variance, the third factor 9.3 % of the variance, the fourth factor 8.8% of the variance and the fifth factor 7.9% of the variance. This model explains 65.5% of the variance.

The results of a varimax rotation of the solution are presented in appendix 26 (2)

Appendix 26 (2): Varimax rotated component loadings for 14 pull variables

Rotated Component Matrix[a]

	Component				
	1	2	3	4	5
New Products/Services for the Parent Company	.871	.089	-.085	-.269	.044
New Products/Services for the Greek Market	.861	.083	-.064	-.181	.146
Large Customer Base	-.047	.083	.069	.822	.178
Parent Company's Products/Services Market Growth	-.322	.016	.177	.694	.135
Presence of Competitors in the Host Market or/and S.E.E	-.069	-.085	-.072	.274	.532
Close Control Between Parent Company & the Foreign Affiliate	-.023	.864	.159	-.087	.056
Business Know-How in the Host Country	.082	.826	.106	.234	.062
Export Development into Other Markets	.306	.566	-.086	-.041	.154
Similarities in Mentality & Culture with Home Market	-.012	-.006	.861	.061	.173
Investments Due to Geopolitical History & Previous Historical Links in the Area	.022	.169	.849	.119	.010
Low Cost of Other Factors of Production/Services	-.055	.270	.249	-.337	.610
Higher Host Investment Profit Compared to the Home one	.134	.162	-.055	.222	.648
Risk Reduction Investment in Different Countries	.012	.059	.202	.039	.566
Company Participation in Host Country Privatization Plan	.822	.111	.176	.109	-.153

Extraction Method: Principal Component Analysis.
a. Rotation converged in 6 iterations.

[153] Please, see Appendix 26 (12) Communalities Pull Variables FA (p. 364)
[154] Please, see Appendix 26 (13) Total Variance Explained Pull Variables FA, (p.365)

Factor analysis of the Pull variables (items) revealed five factors

The five topic factors:

Three variables (items) load onto this factor. This factor loads onto pull factors (incentives) "New Products/Services for the Parent company and Greek market" and "Company Participation in the Host Country Privatization Plan". This factor is labelled "New Products and Privatization".

Two items contained in the second factor relate to geographical proximity and internationalisation. More specifically, ability to control everyday actions of the foreign affiliate by the parent company, due to the short distance involved "Close Control Between Parent Company & the Foreign Affiliate" and "Business Know How" are loaded onto this factor. This factor is labelled "Geographical Proximity".

Items for factor three are "Similarities in Mentality & Culture with Home Market" and "Investments Due to Geopolitical History & Previous Historical Links in the Area". This factor is labelled "Institutional Similarity of the Host Market".

The fourth factor consists of 2 items, "Large Customer Base" and "Parent Company's Products/Services Market Growth". This factor is labelled "Positive Demand Conditions in the Host Market".

Finally, four factors are loaded onto factor 5, "Higher Host Investment Profit Compared to the Home one", " Low Cost of Other Factors of Production/Services", "Risk Reduction Investment in Different Countries" and "Presence of Competitors in the Host Market or/and SEE country". It is quite difficult to find a label for this factor based on only two variables (items) with higher loadings " Higher Host Investment

Profit Compared to the Home one" and "Low Cost of Other Factors of Production/Services" so we label the factor "Higher Profits and Lower Costs".

We ran factory analysis for pull factors, but at the price of barely acceptable statistical standards. We labelled the extracted factors with meaningful names such as "Geographical Proximity", "Institutional similarity of the Host Market", "Positive Demand Conditions in the Host Market" and "Higher Profits and Lower Costs". These factors distinguish different drivers or groups of pull factors.

However, *these types of drivers are not helpful for revealing the typologies of firms* that are more relevant than those already reported. ***Nevertheless, this procedure is important as it reconfirms the robustness and relevance of our final results.*** The factor analysis results were not very helpful to conceptualize coherent and meaningful factors for a typology of firms.

Appendix 26 (3): Correlations Push Variables FA

Correlations Push Variables - FA Analysis															
	Wage Costs	Input Costs	Fixed Costs	Tax Policy	Credit Time Payment Between Supplier - Customer	Quality of Competitive Products	Low Price of Competitive Products	Competitors ' Use of New Technology	Competitors' Use of Different Management Models	Low Customer Purchasing Power in the Home market	Limited Customers Due to Small Population	Changes in Customer's Habits	De_industrialization in Greece	Compensatory Investment Due to Increase of Home Market Industry Competition	Compensatory Investment for the Company's Home Market Share Reduction
Wage Costs															
Input Costs	.339**														
Fixed Costs	.425**	.442**													
Tax Policy	.353**	.111	.136												
Credit Time Payment Between Supplier - Customer	.237**	.228**	.234**	.374**											
Quality of Competitive Products	.197*	.211*	.112	.013	-.045										
Low Price of Competitive Products	.160	.155	.232**	.173	.305**	.042									
Competitors' Use of New Technology	.178*	.269**	.326**	.175*	.071	.194*	.025								
Competitors' Use of Different Management Models	.217*	.219*	.196*	.015	.033	.247**	-.005	.594**							
Low Customer Purchasing Power in the Home market	.238**	.232**	.127	.237**	.367**	.033	.184*	.228**	.191*						
Limited Customers Due to Small Population	-.051	-.053	.028	-.161	-.129	.020	.048	.020	-.060	-.189*					
Changes in Customer's Habits	.067	.339**	.221**	.025	.247**	.148	.160	.196*	.066	.279**	.092				
De_industrialization in Greece	.043	.080	.147	.098	.281**	-.068	.135	-.006	-.029	.191*	.065	.049			
Compensatory Investment Due to Increase of Home	.201*	-.010	.063	.204*	.217*	-.062	.185*	-.032	-.097	.195*	.044	-.023	.246**		
Compensatory Investment for the Company's Home	.198*	.068	.064	.261**	.250**	-.032	.152	.011	-.023	.357**	-.051	.064	.285**	.699**	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Appendix 26 (4): Anti-image Push Variables FA

Anti-image Matrices Push Variables - FA Analysis																
		Wage Costs	Input Costs	Fixed Costs	Tax Policy	Credit Time Payment Between Supplier - Customer	Quality of Competitive Products	Low Price of Competitive Products	Competitors' Use of New Technology	Competitors' Use of Different Management Models	Low Customer Purchasing Power in the Home market	Limited Customers Due to Small Population	Changes in Customer's Habits	De_industrialization in Greece	Compensatory Investment Due to Increase of Home Market Industry Competition	Compensatory Investment for the Company's Home Market Share Reduction
Anti-image Correlation	Wage Costs	.781[a]	-.171	-.295	-.200	-.097	-.121	.051	-.032	-.052	-.159	-.033	.102	.144	-.122	.000
	Input Costs	-.171	.796[a]	-.272	.074	-.064	-.088	-.091	-.043	-.078	-.018	.115	-.180	-.032	.122	-.053
	Fixed Costs	-.295	-.272	.757[a]	.046	.006	.036	-.168	-.213	.004	.050	-.063	-.085	-.133	-.028	.064
	Tax Policy	-.200	.074	.046	.713[a]	-.282	.006	-.087	-.201	.118	-.041	.134	.062	.032	.082	-.150
	Credit Time Payment Between Supplier - Customer	-.097	-.064	.006	-.282	.737[a]	.105	-.198	.114	-.060	-.178	.108	-.184	-.206	-.130	.117
	Quality of Competitive Products	-.121	-.088	.036	.006	.105	.705[a]	-.075	.000	-.162	.034	.014	-.166	.050	.019	.024
	Low Price of Competitive Products	.051	-.091	-.168	-.087	-.198	-.075	.777[a]	.059	.070	-.062	-.145	-.020	.017	-.108	.014
	Competitors' Use of New Technology	-.032	-.043	-.213	-.201	.114	.000	.059	.649[a]	-.536	-.041	-.071	-.069	.002	-.057	.043
	Competitors' Use of Different Management Models	-.052	-.078	.004	.118	-.060	-.162	.070	-.536	.626[a]	-.065	.065	.094	.028	.083	-.020
	Low Customer Purchasing Power in the Home market	-.159	-.018	.050	-.041	-.178	.034	-.062	-.041	-.065	.818[a]	.162	-.140	-.090	.059	-.243
	Limited Customers Due to Small Population	-.033	.115	-.063	.134	.108	.014	-.145	-.071	.065	.162	.486[a]	-.165	-.099	-.074	.062
	Changes in Customer's Habits	.102	-.180	-.085	.062	-.184	-.166	-.020	-.069	.094	-.140	-.165	.674[a]	.032	.065	-.088
	De_industrialization in Greece	.144	-.032	-.133	.032	-.206	.050	.017	.002	.028	-.090	-.099	.032	.728[a]	-.035	-.130
	Compensatory Investment Due to Increase of Home Market Industry Competition	-.122	.122	-.028	.082	-.130	.019	-.108	-.057	.083	.059	-.074	.065	-.035	.613[a]	-.666
	Compensatory Investment for the Company's Home Market Share Reduction	.000	-.053	.064	-.150	.117	.024	.014	.043	-.020	-.243	.062	-.088	-.130	-.666	.624[a]

a. Measures of Sampling Adequacy(MSA)

Appendix 26 (5): Communalities Push Variables FA

Communalities

	Initial	Extraction
Wage Costs	1.000	.480
Input Costs	1.000	.537
Fixed Costs	1.000	.550
Tax Policy	1.000	.496
Credit Time Payment Between Supplier - Customer	1.000	.618
Quality of Competitive Products	1.000	.252
Low Price of Competitive Products	1.000	.459
Competitors' Use of New Technology	1.000	.681
Competitors' Use of Different Management Models	1.000	.675
Low Customer Purchasing Power in the Home market	1.000	.490
Limited Customers Due to Small Population	1.000	.641
Changes in Customer's Habits	1.000	.416
De_industrialization in Greece	1.000	.295
Compensatory Investment Due to Increase of Home Market Industry Competition	1.000	.779
Compensatory Investment for the Company's Home Market Share Reduction	1.000	.780

Extraction Method: Principal Component Analysis.

Appendix 26 (6): Total Variance Explained Push Variables FA

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.441	22.937	22.937	3.441	22.937	22.937	2.261	15.075	15.075
2	2.161	14.406	37.343	2.161	14.406	37.343	2.071	13.806	28.881
3	1.380	9.202	46.545	1.380	9.202	46.545	1.981	13.206	42.087
4	1.167	7.782	54.326	1.167	7.782	54.326	1.836	12.239	54.326
5	.983	6.555	60.882						
6	.955	6.369	67.251						
7	.829	5.523	72.774						
8	.762	5.083	77.857						
9	.696	4.638	82.494						
10	.612	4.078	86.572						
11	.533	3.551	90.124						
12	.498	3.320	93.444						
13	.394	2.629	96.072						
14	.346	2.310	98.382						
15	.243	1.618	100.000						

Extraction Method: Principal Component Analysis.

Appendix 26 (7): Correlations Pull Variables FA

Correlations Pull Variables - FA Analysis

	New Products/Services for the Parent Company	New Products/Services for the Greek Market	Well-known Brand Name in the Host Country	Large Customer Base	Parent Company's Products/Services Market Growth	Acquisition of the Market Share	Low Competition in the Host Market	Lack of Business Partner, Licensee , Franchisee	Entry in the Host Market to Create Entry Barrier	Presence of Competitors in the Host Market orland S.E.E	Presence of Other Greek Public/Private Companies in the Host Market	Close Control Between Parent Company & the Foreign Affiliate	Fast Raw Material Supply & Services Provision from the Parent Company	Host Market Knowledge	Business Know-How in the Host Country	Export Development into Other Markets	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	Similarities in Mentality & Culture with Home Market	Investments Due to Geopolitical History & Previous Historical Links in the Area	Low Cost of Labour Force	Low Cost of Other Factors of Production/Services	Higher Host Investment Profit Compared to the Home one	Risk Reduction Investment in Different Countries	Asset Acquisition Investment	Company Participation in Host Country Privatization Plan	EU/Greek Government Financial Support Measures	Greek Government /Private Industry Loan Support	Tax Incentives	Excellent Political Contacts in the Host Country	Excellent Business Contacts in the Host Country	Local Company Cooperation Offered	Foreign Company Cooperation Offered	South East European Regional Business Agreement	Old Technology/Machinery Transfer in Countries with Low Scale Production	Following Parent Company's Customers in the Host Market	Specific Company Incentives Offered by the Host Government	Regional integration via country's position in relation to EU membership	Lack of Production Factors in Greece	Entry in Host Market Technology or Local Company Technology	Raw Material Access & Security Control worldwide
New Products/Services for the Parent Company																																									
New Products/Services for the Greek Market	.800**																																								
Well-known Brand Name in the Host Country	.044	.004																																							
Large Customer Base	-.221*	-.134	.032																																						
Parent Company's Products/Services Market Growth	-.425**	-.312**	.022	.503**																																					
Acquisition of the Market Share	-.328**	-.247**	.120	.397**	.564**																																				
Low Competition in the Host Market	-.342**	-.186**	.024	.258**	.267**	.160																																			
Lack of Business Partner, Licensee , Franchisee	-.024	-.051	.104	-.019	-.115	.000	-.006																																		
Entry in the Host Market to Create Entry Barriers	.154	.186**	-.010	.073	.071	.103	.105	-.116																																	
Presence of Competitors in the Host Market orland S.E.E	-.114	-.076	.059	.168*	.132	.147	.035	.049	.064																																
Presence of Other Greek Public/Private Companies in the Host Market	-.104	-.015	.076	-.003	.027	-.041	.140	-.036	-.051	.401**																															
Close Control Between Parent Company & the Foreign Affiliate	.110	.087	-.023	.023	.025	.085	-.068	-.035	.050	.034	-.099																														
Fast Raw Material Supply & Services Provision from the Parent Company	.044	.007	.060	-.024	.093	.158	.031	.115	.014	.095	-.055	.476**																													
Host Market Knowledge	.003	.085	-.019	.270**	.176**	.248**	-.074	-.031	.094	.100	-.067	.580**	.270**																												
Business Know-How in the Host Country	.094	.094	-.010	.208**	.092	.225**	-.126	-.002	.067	.082	-.093	.625**	.247**	.909**																												
Export Development into Other Markets	.223**	.291**	-.102	.046	-.122	.088	-.074	-.005	.163**	.032	-.042	.292**	.289**	.312**	.318**																												
Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax D	.109	.145	.087	.091	-.058	.114	-.010	-.152	.189**	.059	-.177	.186**	.063	.183**	.195**	.335**																										
Similarities in Mentality & Culture with Home Market	-.089	-.047	.043	.108	.165**	.188**	.058	-.040	.092	.133	.173**	.124	.146	.190**	.166**	-.011	.055																									
Investments Due to Geopolitical History & Previous Historical Links in the	-.089	-.047	.015	.151	.174**	.209**	-.035	-.088	.140	-.009	.016	.225**	.216**	.274**	.226**	.089	.062	.554**																								
Low Cost of Labour Force	.167**	.187**	-.094	.044	.056	.114	.162**	-.172**	.090	.009	.002	.261**	.138	.146	.165**	.276**	.182**	.229**	.241**																							
Low Cost of Other Factors of Production/Services	.086	.125	-.094	.017	.071	.158	.142	-.151	.120	.052	.010	.292**	.121	.121	.126	.219**	.195**	.203**	.177**	.925**																					
Higher Host Investment Profit Compared to the Home one	.072	.137	-.040	.195**	.133	.124	.089	-.079	-.016	.223**	.053	.138	-.053	.295**	.254**	.111	-.021	.046	.125	.233**	.240**																				
Risk Reduction Investment in Different Countries	.004	.047	.015	.180**	.110	.216**	-.026	-.123	.283**	.088	-.012	.099	.118	.101	.150	.121	.139	.200**	.135	.201**	.215**	.172**																			
Asset Acquisition Investment	.193**	.235**	.025	.160**	.041	.102	.080	.031	.232**	.088	.106	.244**	.208**	.194**	.203**	.253**	.148	.141	.138	.336**	.328**	.230**	.393**																		
Company Participation in Host Country Privatization Plan	.565**	.505**	.018	-.043	-.150	-.143	-.182**	-.071	.129	-.080	-.057	.123	.058	.158	.175**	.109**	.127	.102	.155	.045	-.061	.044	-.011	.228**																	
EU/Greek Government Financial Support Measures	.057	.114	-.027	-.023	.004	.005	.052	-.041	.092	.052	-.019	.038	.030	.061	.048	.147	.193**	.002	.074	.177**	.188**	-.133	.025	.214**	.210**																
Greek Government/Private Industry Loan Support	-.037	-.034	.058	.080	.022	.053	.111	.006	.095	.155	-.039	.122	.127	.099	.090	.116	.252**	.122	.186**	.043	.051	-.004	.172**	.181**	.231**	.563**														
Tax Incentives	-.096	-.045	-.159	.222**	.131	.182**	.104	.086	-.059	-.044	-.028	.109	-.066	.183**	.209**	.087	-.044	.000	.034	.233**	.264**	.321**	.246**	.190**	-.069	.053	.154													
Excellent Political Contacts in the Host Country	.027	.011	.021	.067	-.004	.031	.111	-.079	.122	.103	-.079	.026	.087	.034	.043	.152	.175	.084	.059	.072	.031	-.044	.054	.107	.089	.108	.151	-.016												
Excellent Business Contacts in the Host Country	-.023	-.004	.012	-.048	-.058	-.019	.075	-.018	-.025	.044	.131	-.157	-.080	-.063	-.017	.131	-.013	.090	-.027	-.006	-.057	-.018	.013	.021	-.007	.145	-.028	-.034	.553**											
Local Company Cooperation Offered	.025	.002	-.068	.023	.035	.140	.054	.038	.033	-.027	.020	.010	-.042	-.028	-.033	.054	.082	-.054	-.066	-.001	.039	-.083	-.114	.104	.114	.172*	-.030	.045	.078	.136										
Foreign Company Cooperation Offered	-.037	-.025	.014	.210**	.118	.100	.082	.037	.025	.064	-.040	.011	-.040	-.042	-.049	-.034	-.133	-.110	.002	-.160	-.155	-.030	.146	-.040	-.040	-.049	-.030	-.017	.017	.002	-.057									
South East European Regional Business Agreement	-.120	-.109	.218**	-.093	.186**	.196**	-.011	-.047	.090	.020	-.085	.171*	.111	.060	.106	-.058	-.117	.027	.047	-.020	-.010	-.223**	.088	-.033	-.086	-.067	-.041	-.067	-.120	-.034	-.022	.445**								
Old Technology/Machinery Transfer in Countries with Low Scale Productio	.041	.076	.053	.054	-.019	.030	.174**	-.059	-.083	.066	.048	.124	.103	-.008	-.028	.147	.181**	.041	.041	.207**	.228**	.089	-.073	.128	-.071	-.001	-.039	-.013	.057	-.098	.130	-.084	-.110							
Following Parent Company's Customers in the Host Market	-.177**	-.162**	-.007	-.150**	-.138**	-.108**	-.006	-.102**	-.061	.066	.474**	-.232**	-.118**	-.148**	-.163**	-.153**	-.274**	.110**	-.055	-.230**	-.224**	-.123**	-.094	-.164**	-.104**	-.099**	-.061	-.115**	-.080**	.224**	-.122**	-.134**	-.048**	-.117**					
Specific Company Incentives Offered by the Host Government	.046	-.042	-.073	.033	.068	.136	.167**	.112	.081	.017	-.093	.013	-.074	.024	.014	.053	.029	.026	.136	-.063	-.051	.067	-.026	-.010	.113	.202**	.380**	.028	.278**	.046	-.037	.161**	-.052	-.049	-.076				
Regional integration via country's position in relation to EU membership	-.035	-.114	.001	-.060	.037	-.007	-.170**	.110	-.097	.123	.124	-.087	-.049	.032	.100	-.103	-.158	.084	.094	-.037	-.065	.110	-.072	.014	-.104	-.123	-.076	.208**	.049	.057	-.070	-.122	-.049	-.145	.093	-.095			
Lack of Production Factors in Greece	.144	.130	.010	-.010	.075	.025	-.083	-.092	.263**	-.203**	-.062	.153	.128	-.046	-.041	.083	-.178	.051	.398**	-.020	-.069	.133	.073	.099	.457**	.057	.5**	.162	-.071	-.158	.086	-.007	.016	-.021	-.127	-.044	-.147		
Entry in Host Market Technology or Local Company Technology	-.107	-.134	-.035	-.019	-.039	.037	.155	-.126	.065	.192	-.279	.146	.161	.191	.177	-.036	.110	-.010	-.296	-.017	.077	.100	-.237	-.085	-.134	-.075	.5**	.086	.191	.118	.574**	.504**	.727**	-.036	-.159	-.075	-.194	-.053	
Raw Material Access & Security Control worldwide	-.062	.029	-.130	-.131	.081	-.086	.059	-.120	.185	-.206	-.080	.171	.250**	-.015	.011	.048	-.165	.013	.295**	.170	.082	.100	.081	.157	.177	-.011	.5**	.137	-.072	-.185	-.185	-.076	-.013	-.006	-.194	-.082	-.120	.583**	-.081	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

c. Cannot be computed because at least one of the variables is constant.

Note: *Variables in red do not correlate, in green correlate very highly R<.9 thus we exclude them from the analysis based on Field (2005) recommendation.

Appendix 26 (8): Correlations Pull Variables FA

Correlations Pull Variables - FA Analysis

	New Products/ Services for the Parent Company	New Products/ Services for the Greek Market	Large Customer Base	Parent Company's Products/Services Market Growth	Presence of Competitors in the Host Market or/and S.E.E	Presence of Other Greek Public/Private Companies in the Host Market	Close Control Between Parent Company & the Foreign Affiliate	Business Know-How in the Host Country	Export Development into Other Markets	Similarities in Mentality & Culture with Home Market	Investments Due to Geopolitical History & Previous Historical Links in the Area	Low Cost of Other Factors of Production/ Services	Higher Host Investment Profit Compared to the Home one	Risk Reduction Investment in Different Countries	Company Participation in Host Country Privatization Plan	EU/Greek Government Financial Support Measures	Greek Government/Private Industry Loan Support	Local Company Cooperation Offered	Foreign Company Cooperation Offered	South East European Regional Business Agreement
New Products/Services for the Parent Company																				
New Products/Services for the Greek Market	.800**																			
Large Customer Base	-.221**	-.134																		
Parent Company's Products/Services Market Growth	-.425**	-.312**	.503**																	
Presence of Competitors in the Host Market or/and S.E.E	-.114	-.076	.168*	.132																
Presence of Other Greek Public/Private Companies in the Host Market	-.104	-.015	-.003	.027	.401**															
Close Control Between Parent Company & the Foreign Affiliate	.110	.087	.023	.025	.034	-.099														
Business Know-How in the Host Country	.094	.094	.208*	.092	.082	-.093	.625**													
Export Development into Other Markets	.223**	.291**	.046	-.122	.032	-.042	.292**	.318**												
Similarities in Mentality & Culture with Home Market	-.089	-.047	.108	.165*	.133	.173*	.124	.166*	-.011											
Investments Due to Geopolitical History & Previous Historical Links in the Area	-.089	-.047	.151	.174*	-.009	.016	.225**	.226**	.089	.554**										
Low Cost of Other Factors of Production/Services	.086	.125	.017	.071	.052	.010	.292**	.126	.219**	.203*	.177*									
Higher Host Investment Profit Compared to the Home one	.072	.137	.195*	.133	.223**	.053	.138	.254**	.111	.046	.125	.240**								
Risk Reduction Investment in Different Countries	.004	.047	.180*	.110	.088	-.012	.099	.150	.121	.200*	.135	.215**	.172*							
Company Participation in Host Country Privatization Plan	.565**	.505**	-.043	-.150	-.080	-.057	.123	.175*	.189*	.102	.155	-.061	.044	-.011						
EU/Greek Government Financial Support Measures	.057	.114	-.023	.004	.052	-.019	.038	.048	.147	.002	.074	.188*	-.133	.025	.210**					
Greek Government/Private Industry Loan Support	-.037	-.034	.080	.022	.155	-.039	.122	.090	.116	.122	.186*	.051	-.004	.172*	.231**	.563**				
Local Company Cooperation Offered	.025	.002	.023	.035	-.027	.020	.010	-.033	.054	-.054	-.066	.039	-.083	-.114	.114	.172*	-.030			
Foreign Company Cooperation Offered	-.037	-.025	.210**	.118	.064	-.040	.011	-.049	-.034	-.110	.002	-.155	-.030	.146	-.040	-.049	-.030	-.057		
South East European Regional Business Agreement	-.120	-.109	-.093	.186*	.020	-.085	.171*	.106	-.058	.027	.047	-.010	-.223**	.088	-.086	-.067	-.041	-.022	.445**	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Note: As we see there are 10 variables out of 20 that they do not correlate each other so we exclude them, see next matrix.

Appendix 26 (9): Anti-image Pull Variables FA

Anti-image Matrice Pull Variables - FA Analysis

		New Products/ Services for the Parent Company	New Products/ Services for the Greek Market	Large Customer Base	Parent Company's Products/ Services Market Growth	The presence of your competitors in the host market/SEE	Presence of Greek Public/Private companies in the Host Market	Close Control Between Parent Company & the Foreign Affiliate	Business Know-How in the Host Country	Export Developement Into Other Markets	Similarities in Mentality & Culture with Home Market	Investments Due to Geopolitical History & Previous Historical Links in the Area	Low Cost of Other Factors of Production/ Services	Higher Host Investment Capital Profit Compared to the Home Country	Risk Reduction Investments in Different Countries	Company Participation in Host Country Privatization Plan	EU/Greek Government Financial Support Measures	Greek Government/ Private Sector Loan Support	Cooperation Offered By Local Company	Foreign Company Cooperation Offered	South East European Regional Business Agreement Representation
Anti-image Correlation	New Products/Services for the Parent Company	.657[a]	-.643	.091	.235	-.048	.143	-.051	-.038	.078	.016	.100	-.104	.038	-.024	-.404	.087	.072	-.001	-.063	.081
	New Products/Services for the Greek Market	-.643	.686[a]	-.051	.013	.059	-.120	.021	.051	-.186	-.037	.040	-.019	-.131	-.036	-.118	-.157	.135	.091	.008	-.047
	Large Customer Base	.091	-.051	.476[a]	-.466	-.082	.071	.147	-.262	-.046	-.041	-.003	-.039	.056	-.074	-.029	.132	-.085	-.070	-.340	.368
	Parent Company's Products/Services Market Growth	.235	.013	-.466	.628[a]	-.027	.016	-.047	.071	.108	-.023	-.036	-.039	-.159	-.013	-.107	-.107	.112	-.020	.109	-.273
	The presence of your competitors in the host market/SEE	-.048	.059	-.082	-.027	.531[a]	-.405	.038	-.055	-.048	-.133	.161	.003	-.201	.020	.084	-.021	-.167	.010	-.046	-.078
	Presence of Greek Public/Private companies in the Host Market	.143	-.120	.071	.016	-.405	.490[a]	.012	.063	.040	-.112	-.005	.014	.019	.006	-.042	-.004	.101	-.037	-.004	.092
	Close Control Between Parent Company & the Foreign Affiliate	-.051	.021	.147	-.047	.038	.012	.573[a]	-.588	-.105	.004	-.056	-.310	.090	.078	.038	.162	-.171	-.063	-.114	-.034
	Business Know-How in the Host Country	-.038	.051	-.262	.071	-.055	.063	-.588	.530[a]	-.154	-.044	-.043	.230	-.247	-.073	-.067	-.156	.139	.077	.234	-.201
	Export Developement Into Other Markets	.078	-.186	-.046	.108	-.048	.040	-.105	-.154	.788[a]	.142	-.083	-.096	.019	-.085	-.063	-.034	-.020	-.061	.003	.049
	Similarities in Mentality & Culture with Home Market	.016	-.037	-.041	-.023	-.133	-.112	.004	-.044	.142	.586[a]	-.540	-.121	.108	-.144	-.032	.092	-.036	-.003	.154	-.042
	Investments Due to Geopolitical History & Previous Historical Links in the Area	.100	.040	-.003	-.036	.161	-.005	-.056	-.043	-.083	-.540	.615[a]	-.061	-.087	.045	-.169	-.016	-.057	.081	-.093	.014
	Low Cost of Other Factors of Production/Services	-.104	-.019	-.039	-.039	.003	.014	-.310	.230	-.096	-.121	-.061	.469[a]	-.265	-.174	.182	-.292	.144	-.025	.220	-.109
	Higher Host Investment Capital Profit Compared to the Home Country	.038	-.131	.056	-.159	-.201	.019	.090	-.247	.019	.108	-.087	-.265	.485[a]	-.069	-.009	.262	-.072	.026	-.121	.319
	Risk Reduction Investments in Different Countries	-.024	-.036	-.074	-.013	.020	.006	.078	-.073	-.085	-.144	.045	-.174	-.069	.663[a]	.083	.084	-.187	.071	-.139	-.045
	Company Participation in Host Country Privatization Plan	-.404	-.118	-.029	-.107	.084	-.042	.038	-.067	-.063	-.032	-.169	.182	-.009	.083	.718[a]	-.040	-.253	-.158	.022	-.013
	EU/Greek Government Financial Support Measures	.087	-.157	.132	-.107	-.021	-.004	.162	-.156	-.034	.092	-.016	-.292	.262	.084	-.040	.432[a]	-.567	-.197	-.104	.138
	Greek Government/Private Sector Loan Support	.072	.135	-.085	.112	-.167	.101	-.171	.139	-.020	-.036	-.057	.144	-.072	-.187	-.253	-.567	.466[a]	.167	.086	-.021
	Cooperation Offered By Local Company	-.001	.091	-.070	-.020	.010	-.037	-.063	.077	-.061	-.003	.081	-.025	.026	.071	-.158	-.197	.167	.387[a]	.058	-.023
	Foreign Company Cooperation Offered	-.063	.008	-.340	.109	-.046	-.004	-.114	.234	.003	.154	-.093	.220	-.121	-.139	.022	-.104	.086	.058	.357[a]	-.511
	South East European Regional Business Agreement Representation	.081	-.047	.368	-.273	-.078	.092	-.034	-.201	.049	-.042	.014	-.109	.319	-.045	-.013	.138	-.021	-.023	-.511	.369[a]

a. Measures of Sampling Adequacy(MSA)

Note: *We adopt a more conservative strategy and we exclude only values around .3 and not all under .5: "Cooperation Offered By Local Company", " Foreign Company Cooperation Offered" and " South East European Regional Business Agreement Representation".

Appendix 26 (10): Anti-image Pull Variables FA

Anti-image Matrice Pull Variables - FA Analysis

		New Products/ Services for the Parent Company	New Products/ Services for the Greek Market	Large Customer Base	Parent Company's Products/ Services Market Growth	The presence of your competitors in the host market/SEE	Presence of Greek Public/Private companies in the Host Market	Close Control Between Parent Company & the Foreign Affiliate	Business Know-How in the Host Country	Export Developement Into Other Markets	Similarities in Mentality & Culture with Home Market	Investments Due to Geopolitical History & Previous Historical Links in the Area	Low Cost of Other Factors of Production /Services	Higher Host Investment Capital Profit Compared to the Home Country	Risk Reduction Investments in Different Countries	Company Participation in Host Country Privatization Plan	EU/Greek Government Financial Support Measures	Greek Government /Private Sector Loan Support
Anti-image Correlation	New Products/Services for the Parent	.654[a]	-.646	.063	.268	-.045	.138	-.053	-.019	.076	.023	.098	-.093	.014	-.026	-.409	.078	.078
	New Products/Services for the Greek	-.646	.694[a]	-.036	.001	.053	-.113	.022	.040	-.179	-.035	.031	-.018	-.126	-.050	-.106	-.139	.123
	Large Customer Base	.063	-.036	.649[a]	-.426	-.078	.049	.145	-.180	-.068	.001	-.023	.037	-.060	-.098	-.033	.072	-.060
	Parent Company's Products/Services Market Growth	.268	.001	-.426	.680[a]	-.054	.044	-.067	.025	.126	-.031	-.036	-.067	-.077	-.032	-.120	-.080	.120
	The presence of your competitors in the host market/SEE	-.045	.053	-.078	-.054	.550[a]	-.398	.022	-.059	-.040	-.123	.154	.015	-.183	-.003	.089	-.012	-.167
	Presence of Greek Public/Private companies in the Host Market	.138	-.113	.049	.044	-.398	.495[a]	.021	.079	.032	-.118	.002	.014	-.012	.023	-.048	-.023	.107
	Close Control Between Parent Company & the Foreign Affiliate	-.053	.022	.145	-.067	.022	.021	.571[a]	-.597	-.104	.026	-.068	-.298	.118	.054	.032	.157	-.154
	Business Know-How in the Host Country	-.019	.040	-.180	.025	-.059	.079	-.597	.595[a]	-.151	-.079	-.032	.193	-.210	-.062	-.065	-.117	.117
	Export Developement Into Other Markets	.076	-.179	-.068	.126	-.040	.032	-.104	-.151	.790[a]	.140	-.076	-.103	.004	-.073	-.074	-.053	-.012
	Similarities in Mentality & Culture with Home Market	.023	-.035	.001	-.031	-.123	-.118	.026	-.079	.140	.589[a]	-.535	-.162	.123	-.120	-.039	.106	-.050
	Investments Due to Geopolitical History & Previous Historical Links in the Area	.098	.031	-.023	-.036	.154	.002	-.068	-.032	-.076	-.535	.631[a]	-.039	-.095	.020	-.157	-.005	-.063
	Low Cost of Other Factors of Production/Services	-.093	-.018	.037	-.067	.015	.014	-.298	.193	-.103	-.162	-.039	.502[a]	-.259	-.146	.177	-.292	.137
	Higher Host Investment Capital Profit Compared to the Home Country	.014	-.126	-.060	-.077	-.183	-.012	.118	-.210	.004	.123	-.095	-.259	.562[a]	-.052	.000	.246	-.081
	Risk Reduction Investments in Different Countries	-.026	-.050	-.098	-.032	-.003	.023	.054	-.062	-.073	-.120	.020	-.146	-.052	.688[a]	.102	.103	-.192
	Company Participation in Host Country Privatization Plan	-.409	-.106	-.033	-.120	.089	-.048	.032	-.065	-.074	-.039	-.157	.177	.000	.102	.728[a]	-.071	-.236
	EU/Greek Government Financial Support Measures	.078	-.139	.072	-.080	-.012	-.023	.157	-.117	-.053	.106	-.005	-.292	.246	.103	-.071	.459[a]	-.555
	Greek Government/Private Sector Loan	.078	.123	-.060	.120	-.167	.107	-.154	.117	-.012	-.050	-.063	.137	-.081	-.192	-.236	-.555	.494[a]

a. Measures of Sampling Adequacy(MSA)

Note: **We exclude: "Presence of Greek Public/Private Companies in the Host Market", "EU/Greek Government Financial Support Measures", and "Greek Government/Private Sector Loan Support"

Appendix 26 (11): Anti-image Pull Variables FA

Anti-image Matrice Pull Variables - FA Analysis

		New Products/ Services for the Parent Company	New Products/ Services for the Greek Market	Large Customer Base	Parent Company's Products/ Services Market Growth	The presence of your competitors in the host market/SEE	Close Control Between Parent Company & the Foreign Affiliate	Business Know-How in the Host Country	Export Developement Into Other Markets	Similarities in Mentality & Culture with Home Market	Investments Due to Geopolitical History & Previous Historical Links in the Area	Low Cost of Other Factors of Production/ Services	Higher Host Investment Capital Profit Compared to the Home Country	Risk Reduction Investments in Different Countries	Company Participation in Host Country Privatization Plan
Anti-image Correlation	New Products/Services for the Parent Company	.665[a]	-.654	.055	.265	.038	-.060	-.028	.085	.029	.111	-.072	-.014	-.017	-.385
	New Products/Services for the Greek Market	-.654	.708[a]	-.018	-.011	.018	.055	.030	-.183	-.037	.037	-.059	-.102	-.022	-.107
	Large Customer Base	.055	-.018	.656[a]	-.425	-.069	.132	-.176	-.068	.000	-.026	.060	-.078	-.114	-.037
	Parent Company's Products/Services Market Growth	.265	-.011	-.425	.703[a]	-.027	-.049	.007	.127	-.020	-.029	-.093	-.065	-.011	-.102
	The presence of your competitors in the host market/SEE	.038	.018	-.069	-.027	.601[a]	.022	-.024	-.042	-.184	.157	.011	-.197	-.022	.017
	Close Control Between Parent Company & the Foreign Affiliate	-.060	.055	.132	-.049	.022	.599[a]	-.592	-.103	.015	-.075	-.272	.090	.024	.019
	Business Know-How in the Host Country	-.028	.030	-.176	.007	-.024	-.592	.618[a]	-.159	-.060	-.029	.169	-.193	-.044	-.055
	Export Developement Into Other Markets	.085	-.183	-.068	.127	-.042	-.103	-.159	.756[a]	.153	-.081	-.126	.022	-.079	-.100
	Similarities in Mentality & Culture with Home Market	.029	-.037	.000	-.020	-.184	.015	-.060	.153	.580[a]	-.541	-.137	.099	-.128	-.031
	Investments Due to Geopolitical History & Previous Historical Links in the Area	.111	.037	-.026	-.029	.157	-.075	-.029	-.081	-.541	.603[a]	-.045	-.091	.007	-.195
	Low Cost of Other Factors of Production/Services	-.072	-.059	.060	-.093	.011	-.272	.169	-.126	-.137	-.045	.602[a]	-.200	-.130	.163
	Higher Host Investment Capital Profit Compared to the Home Country	-.014	-.102	-.078	-.065	-.197	.090	-.193	.022	.099	-.091	-.200	.664[a]	-.069	.043
	Risk Reduction Investments in Different Countries	-.017	-.022	-.114	-.011	-.022	.024	-.044	-.079	-.128	.007	-.130	-.069	.788[a]	.061
	Company Participation in Host Country Privatization Plan	-.385	-.107	-.037	-.102	.017	.019	-.055	-.100	-.031	-.195	.163	.043	.061	.759[a]

a. Measures of Sampling Adequacy(MSA)

Appendix 26 (12): Communalities Pull Variables FA

Communalities Pull Variables - FA Analysis		
	Initial	Extraction
New Products/Services for the Parent Company	1.000	.848
New Products/Services for the Greek Market	1.000	.806
Large Customer Base	1.000	.721
Parent Company's Products/Services Market Growth	1.000	.634
The presence of your competitors in the host market/SEE	1.000	.376
Close Control Between Parent Company & the Foreign Affiliate	1.000	.782
Business Know-How in the Host Country	1.000	.759
Export Developement Into Other Markets	1.000	.447
Similarities in Mentality & Culture with Home Market	1.000	.774
Investments Due to Geopolitical History & Previous Historical Links in the Area	1.000	.764
Low Cost of Other Factors of Production/Services	1.000	.624
Higher Host Investment Capital Profit Compared to the Home Country	1.000	.516
Risk Reduction Investments in Different Countries	1.000	.366
Company Participation in Host Country Privatization Plan	1.000	.755
Extraction Method: Principal Component Analysis.		

Appendix 26 (13): Total Variance Explained Pull Variables FA

Total Variance Explained-Pull Variables - FA Analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.867	20.480	20.480	2.867	20.480	20.480	2.409	17.204	17.204
2	2.643	18.875	39.355	2.643	18.875	39.355	1.921	13.724	30.928
3	1.310	9.355	48.710	1.310	9.355	48.710	1.695	12.107	43.035
4	1.236	8.829	57.540	1.236	8.829	57.540	1.595	11.392	54.427
5	1.117	7.980	65.519	1.117	7.980	65.519	1.553	11.093	65.519
6	.919	6.565	72.084						
7	.824	5.885	77.969						
8	.719	5.137	83.106						
9	.677	4.839	87.945						
10	.475	3.396	91.341						
11	.397	2.833	94.174						
12	.349	2.491	96.665						
13	.294	2.097	98.762						
14	.173	1.238	100.000						

Extraction Method: Principal Component Analysis.

Appendix 27 (1): List of Crisis Vs. Healthy & Satellite Vs. Lead Descriptive Results Verified by Mann Whitney & Pearson's Chi-square Tests (Separated in Four Parts 27. (1), 27. (2), 27. (3), 27. (4)

		Crisis	Healthy	Satellite	Lead
	General Company Characteristics				
	Company Industry	All Industries (around 25 % each)	Manufacturing (51.9 %) Services (33.8%)	Services (42.3%)	Manufacturing (45.2%)
	Company Age			After 1970 (76%)	Before/After 1970 (47.9%) (52.1%)
	Company Size	(up to 500) (74.6%)	(up to 1000) (50%)		
	Country of Investment	Bulgaria/FYROM (52%) (48%)	Bulgaria (81.8%)		
	Headquarters Base	South/North (51.4%) (48.6%)	South (76.6%)	South (88.5%)	South/North (59.5%) (40.5%)
	Behavior In The Home Market:				
	Member in the Stock Exchange Market	Low (22.9%)	Half (50%)	Low (19.2%)	Half (40.8%)
	Market share in the Home Market	Increase (53.6%) /Fluctuation (46.4%)	Increase (68.9%)		
	Market Share Change as a Major Cause for Investment Decision	High (64%)	Low (33%)		
	Response to Competition - Product/Service Price Lower Than Competitors	Half (45%)	Low (21%)		
	R&D Department	Half (63.8%)	High (86%)		
	M&A History	Half (54%)	High (77%)		
	Experience in M&A - (Takeover)			Half (55%)	High (70%)
PUSH FACTORS	**a) Increased Competitive Pressures :**				
	Increase in New Greek Competitor Firms in the Home Market	High (75%)	Half (54%)	Very High (82.6%)	Half (60.4%)
	Increase in New Foreign Competitor Firms in the Home Market	Low (35%)	Half (56%)		
	Compensatory Investment Due to Increase of Home Market Industry Competition	Medium Problem (3)	No Problem (1)		
	Compensatory Investment for the Company's Home Market Share Reduction	Low Problem (2)	No Problem (1)		
	Increased Competition as a Factor for Internationalization	Very High Problem (79%)	Average Problem (50%)		
	Quality of Competitive Products			Low Problem (2)	No Problem (1)
	b) Adverse Institutional Environment :				
	Credit Time Payment Between Supplier - Customer	Very High Problem (4)	Low Problem (2)		
	c) Adverse Demand Conditions:				
	Low Customer Purchasing Power	Medium Problem (3)	Low Problem (2)		
	De-Industrialization	No Problem (1)	No Problem (1)		
	d) Increased Production Costs in the Home Market:				
	Wage Costs	(Medium problem) (3)	(Low problem) (2)		
	Internationalization in :				
	Central East European	Low (35%)	Half (57%)		
	European Union	Low (27%)	Half (50%)		
	Underdeveloped (except S.E.E & C.E.E)	Low (20%)	Half (52%)		
	Other Developed (except E.U)	No (6%)	Low (29%)		
	Experience in Exports EU or/and other developed markets	Half (55.7%)	High (80.5%)		
	Mainly Export Oriented	Low (16%)	Half (41.7%)		

Source: Author's survey (based on 152 companies)

Appendix 27 (2): List of Crisis Vs. Healthy & Satellite Vs. Lead Descriptive Results Verified by Mann Whitney & Pearson's Chi-square Tests

		Crisis	Healthy	Satellite	Lead
	Behavior In The Host Market:				
	Sector of Investment	Trade (42.7%)	Services(36.4%), Trade (32.5%), Manufacturing (29.9%)	Services (53.8%)	Trade (41.3%)
	Home/Host Firm Relationship (AutoNomous/Subsidiary)	(Autonomous 50.7%) (Subsidiary 42.7%)	Subsidiary (74%)		
	M&A in the Host Market	No	Low (25%)		
	Financial Issues - Use of Loans on Start up Investment			4% Minor	Low (25%)
	Mode of Entry			Greenfield (92.3%)	Greenfield (Half) (65.1%)
	Sources of Information for their FDI decision:				
	Private Companies & Business Plans			Low (23%)	Half (60%)
	Business Partners (Prior Investors in the Area)			Very High (85%)	Half (60%)
	Government Executives			Low (12%)	Low (35%)
	FDI Motives				
PULL FACTORS	**a) Positive Demand Conditions:**				
	Market Growth of Parent Company's Products/Services	Very High Motive (4)	Very High Motive (4)	High Motive (3.5)	Very High Motive (4)
	Large Customer Base	Very High Motive (4)	Average Motive (3)	Low Motive (2)	Average Motive (3)
	b) Lack of Competitive Pressures:				
	Low Competition	Very High Motive (4)	Average Motive (3)		
	c) Linkages :				
	Presence of Other Greek Public/Private Companies in the Host Market			Very High Motive (4)	No Motive (1)
	d) Geographical Proximity Facilitates :				
	Host Market Knowledge	Very High Motive (4)	Average Motive (3)	Low Motive (2.5)	Average Motive (3)
	Business Know-How in the Host Country	Very High Motive (4)	Average Motive (3)	Average Motive (3)	Average Motive (3)
	Close Control Between Parent Company & the Foreign Affiliate	Very High Motive (4)	Average Motive (3)	Low Motive (2)	High Motive (3.5)
	e) Institutional Specificities:				
	Risk Reduction Investment in Different Countries	No Motive (1)	No Motive (1)		
	Regional Integration via Host Country Participation in EU	No Motive (1)	No Motive (1)		
	Company Participation in Host Country Privatization Plan			No Motive (1)	No Motive (1)
	f) Asset Acquisition				
	Acquisition of the Market Share			Average Motive (3)	Very High Motive (4)
	New Products/Services for the Parent Company			No Motive (1)	No Motive (1)
	g) Financial Motives provided by the Host Market :				
	Low Cost of Labour Force & Other Factors of Production/Services			Low Motive (1.5)	Average Motive (3)
	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)			No Motive (1)	No Motive (1)

Source: Author's survey (based on 152 companies)

Appendix 27 (3): List of Crisis vs. Healthy & Satellite vs. Lead Descriptive Results Verified by Mann Whitney & Pearson's Chi-square Tests

	Crisis	Healthy	Satellite	Lead
Problems in the Host Country Initial & Present				
Initial				
a) Institutional:				
Banking System	No Problem (1)	No Problem (1)		
Difficulties in Aquiring Market KNowledge in the Host Market	No Problem (1)	No Problem (1)		
b) Adverse Supply Host Market Conditions :				
Transport Costs	No Problem (1)	No Problem (1)		
c) Adverse Demand Host Market Conditions :				
Low Customer Repayment	`		No Problem (1)	No Problem (1)
Low Purchasing Power			No Problem (1)	Average Problem (3)
Present				
a) Institutional:				
Banking System	No Problem (1)	No Problem (1)		
b) Adverse Demand Host Market Conditions :				
Low Customer Repayment	No Problem (1)	No Problem (1)	No Problem (1)	No Problem (1)
Competitive Advantage in the Host Market over Local :				
More Adaptive to Market Particularities	Half (62.5%)	Half (40.4%)		
Competitive Advantage in the Host Market over Foreign:				
R&D as an Ownership in the Host vs Foreign	Low (37.1%)	Minor (16.7%)	Half (46%)	Low (21%)
Business Know-How in the Host Country			High (70%)	Low (35%)
Management Implementetion			High (67%)	Low (34%)
Adaptability and Company Products/Services Know-How			High (70%)	Low (32%)
Skilled Personnel			High (65%)	Low (38%)
Management Competences:				
Untrustworthy Business Partners (Internal)-Initial Problem	Half (59.7%)	Half (42.7%)		
High Cost of Re-Arrangemnet & Employeee Training -Current Problem	Low (16.4%)	No (3.9%)		
Lack of business information -Current Problem	Low (24.7%)	No (7.9%)		
Difficulty in Developing Business Plan Forecasts -Current Problem	Low (24.7%)	Low (12%)		
Importance of Management Expertise for Transition Economy			Low (23%)	Half (45%)
Importance of Technology Expertise for Transition Economy			No (16%)	No (4.1%)
Importance of Both Technology & Management Expertise for Transition Economy			Half (62%)	Half (51%)

Source: Author's survey (based on 152 companies)

Appendix 27 (4): List of Crisis vs. Healthy & Satellite vs. Lead Descriptive Results Verified by Mann Whitney & Pearson's Chi-square Tests

		Crisis	Healthy	Satellite	Lead
	Prospects:				
	Investments in Transition Countries as a Strategic Target	Avearge Target (3)	Avearge Target (3)	High Target (4)	Avearge Target (3)
	Long Presence in the Market	The Greatest Target (5)	The Greatest Target (5)		
	Willigness for Merging Acquisition Sell out	No Target (1)	No Target (1)		
	Identify More Investment Opportunities in Host Market Vs Home Market at Present	75%	88%		
	Foreign Investment Activities Will be More Profitable Than Home Activities in Next Years	77.50%	63%		
	Risks:				
	Capital Risk for the Home/Host Market Company	Low Risk (2)	No Risk (1)		
	Insecure business Environment in the Home/Host Market for the Company	Low Risk (2)	No Risk (1)		
	Possibility for Parent Company to be Transferred in the Host Market	Minor (13.7%)	Minor (3.9%)		
	Returns:				
	Delays in Investment Returns	Low (37.5%)	Minor (21.1%)		
	Cooperation:				
	Mainly with Other Greeks in the Host Market			High (66%)	Minor (6.2%)
	Mainly With Other Greeks in SEE			Low (31%)	Minor(2%)
	Generaly With Other Greeks in the Host Market			All (100%)	Almost half of them (45%)

Source: Author's survey (based on 152 companies)

Appendix 28: Logistic Regressions Using OLI Variables (Model New Typologies of Firms: Healthy Vs Crisis Investors)

We ran a logistic regression model for the new typology of firms - Crisis vs Healthy investors - and the determinants of the classical OLI variables. The value of the dependent variable is 0 for Healthy and 1 for Crisis investors. We test whether the classical OLI determinants of FDI differ significantly between Crisis and Healthy investors. We would expect that in the case of healthy investors traditional OLI variables would have significant explanatory power and, thus, our model should differentiate between the two types of firms. The first model with the initial correlation matrix[155] does not provide any useful results, thus, we adopt the same strategy as in previous models and exclude the control variable size, which is used in the second correlation matrix.[156]

[155] Please, see Appendix 28 (1) Correlation Matrix New Typologies of Firms Model: Healthy Vs. Crisis Investors Correlation Matrix (p.371)

[156] Please, see Appendix 28 (2) Correlation Matrix New Typologies of Firms Model: Healthy Vs. Crisis Investors Correlation Matrix (p.372)

Appendix 28 (1): Correlation Matrix New Typologies of Firms Model: Healthy Vs. Crisis Investors

		Correlations: New Typology of Firms Model : Healthy Vs Crisis Investors													
			Healthy Vs Crisis	Well-known Brand Name in the Host Country	Capacity to Use Specific Technology and Innovate in the Home Market	Company Presence (FDI) in Other Countries	Mergers & Acquisitions of the Parent Company Ownership Advantages	Investment in Order to Establish Barriers of Entry for Future Competitors	Similarities in Mentality & Culture with Home Market	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	Company Age (Establishment Year- Parent Company)	Company Size	Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	Headquarters Base (North or South Based Company)	Country	Industry Type (Manufacturing Trade Vs Services-Construction)
		Healthy Vs Crisis													
OLI advantages	-O-	Well-known Brand Name in the Host Country	-.041												
	-O-	Capacity to Use Specific Technology and Innovate in the Home Market	-.133	.018											
	-O-	Company Presence (FDI) in Other Countries	.064	-.076	-.239**										
	-O-	Mergers & Acquisitions of the Parent Company Ownership Advantages	.262**	-.064	-.118	.489**									
	-O-	Investment in Order to Establish Barriers of Entry for Future Competitors	-.049	.012	.212*	-.224*	-.192*								
	-L-	Similarities in Mentality & Culture with Home Market	-.021	.061	-.010	-.242**	-.121	.122							
	-I-	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	.058	.011	-.124	.127	.125	-.169	-.101						
Control variables		Company Age (Establishment Year- Parent Company)	.186*	-.127	-.139	.237**	.344**	-.058	-.054	.048					
		Company Size	-.352**	.138	.206*	-.540**	-.587**	.282**	.216*	-.277**	-.456**				
		Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	.031	-.029	-.093	.242**	.004	-.140	.051	.142	.182*	-.154			
		Headquarters Base (North or South Based Company)	.261**	-.023	-.070	.122	.396**	-.043	-.092	-.041	.201*	-.441**	-.066		
		Country	.386**	.102	.000	.109	.193*	.013	-.011	-.198*	.065	-.208*	-.075	.419**	
		Industry Type (Manufacturing-Trade Vs Services-Construction)	.048	-.096	-.120	.146	-.018	.025	.005	.069	.412**	-.058	.331**	-.179*	-.178*
		**. Correlation is significant at the 0.01 level (2-tailed).													
		*. Correlation is significant at the 0.05 level (2-tailed).													

Source: Author's survey (based on 130 companies)

Appendix 28 (2): Correlation Matrix New Typologies of Firms Model: Healthy Vs. Crisis Investors (*without company size)

Correlations: New Typology of Firms Model : Healthy Vs Crisis Investors

Correlations

			Healthy Vs Crisis	Well-known Brand Name in the Host Country	Capacity to Use Specific Technology and Innovate in the Home Market	Company Presence (FDI) in Other Countries	Mergers & Acquisitions of the Parent Company Ownership Advantages	Investment in Order to Establish Barriers of Entry for Future Competitors	Similarities in Mentality & Culture with Home Market	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	Company Age (Establishment Year- Parent Company)	Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	Headquarters Base (North or South Based Company)	Country	Industry Type (Manufacturing-Trade Vs Services-Construction)
		Healthy Vs Crisis													
OLI advantages	-O-	Well-known Brand Name in the Host Country	-.041												
	-O-	Capacity to Use Specific Technology and Innovate in the Home Market	-.133	.018											
	-O-	Company Presence (FDI) in Other Countries	.064	-.076	-.239**										
	-O-	Mergers & Acquisitions of the Parent Company Ownership Advantages	.262**	-.064	-.118	.489**									
	-O-	Investment in Order to Establish Barriers of Entry for Future Competitors	-.049	.012	.212*	-.224*	-.192*								
	-L-	Similarities in Mentality & Culture with Home Market	-.021	.061	-.010	-.242**	-.121	.122							
	-I-	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	.058	.011	-.124	.127	.125	-.169	-.101						
Control Variables		Company Age (Establishment Year- Parent Company)	.186*	-.127	-.139	.237**	.344**	-.058	-.054	.048					
		Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	.031	-.029	-.093	.242**	.004	-.140	.051	.142	.182*				
		Headquarters Base (North or South Based Company)	.261**	-.023	-.070	.122	.396**	-.043	-.092	-.041	.201*	-.066			
		Country	.386**	.102	.000	.109	.193*	.013	-.011	-.198*	.065	-.075	.419**		
		Industry Type (Manufacturing-Trade Vs Services-Construction)	.048	-.096	-.120	.146	-.018	.025	.005	.069	.412**	.331**	-.179*	-.178*	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Author's survey (based on 130 companies)

Appendix 28 (3): Logistic Regression New Typologies of Firms Model: Healthy Vs. Crisis Investors

Logistic Regression New Typology of Firms Model : Healthy Vs Crisis Investors		Model a		Model b	
		b/p	exp	b/p	exp
O L I PROXIES					
Property Rights and/or Intangible Asset Advantages (Oa) : The Resource (Asset) Structure of the Firm	Well-known Brand Name in the Host Country	-0.033	0.967		
		(0.864)	(0.864)		
Property Rights and/or Intangible Asset Advantages (Oa) : Innovatory Capacity	Capacity to Use Specific Technology and Innovate in the Home Market	-0.491	0.612	-0.483	0.617
		(0.308)	(0.308)	(0.309)	(0.309)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot) : Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (eg, Economies of Scope & Specialisation)	Mergers & Acquisitions of the Parent Company Ownership Advantages	0.955	2.598	0.945	2.572
		(0.104)	(0.104)	(0.105)	(0.105)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Which Specifically Arise Because of Multinationality: Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs	Company Presence (FDI) in Other Countries	-0.581	0.559	-0.569	0.566
		(0.320)	(0.320)	(0.324)	(0.324)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Which Specifically Arise Because of Multinationality : Ability to Diversify or Reduce Risks	Investment in Order to Establish Barriers of Entry for Future Competitors	0.012	1.012		
		(0.938)	(0.938)		
Locational Advantages (L) Institutional: Cross-Country Ideological, Language, Cultural, Business, Political Differences	Similarities in Mentality & Culture with Home Market	0.075	1.078	0.075	1.078
		(0.705)	(0.705)	(0.706)	(0.706)
Internalization Advantages (I) : To Avoid Search & Negotiating Costs	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	0.355	1.427	0.353	1.424
		(0.222)	(0.222)	(0.224)	(0.224)
Control Variables					
P r o x i e s					
Company Age	Establishment Year- Parent Company	0.102	1.107	0.104	1.110
		(0.450)	(0.450)	(0.435)	(0.435)
Year of Entry in the Host Market	Prior 2001 in the Host Market - After 2001	0.048	1.049	0.041	1.042
		(0.920)	(0.920)	(0.932)	(0.932)
Headquarters Base	North or South Based Company	0.233	1.262	0.239	1.270
		(0.640)	(0.640)	(0.631)	(0.631)
Country of Investment	Invest in Bulgaria/Invest in FYROM	2.116***	8.300***	2.105***	8.212***
		(0.000)	(0.000)	(0.000)	(0.000)
Industry Type	Manufacturing-Trade Vs Services-Construction	0.225	1.252	0.227	1.255
		(0.676)	(0.676)	(0.671)	(0.671)
logit statistics					
	constant	-2.631	0.072	-2.661	0.070
		(0.057)	(0.057)	(0.034)	(0.034)
N		130		130	
Hosmer and Lemeshow Test		.751		.995	
Cox & Snell R Square		.240		.240	
Nagelkerke R Square		.320		.320	
-2 Log likelihood		135.522		135.556	
df_m		12		10	
chi2		33.475		33.441	
aic		161.5		157.5	
bic		197.9		188.4	
legend: * p<.1; ** p<.05; *** p<.01					

Source: Author's survey (based on 130 companies)

In this model the only significant variable is the control variable "Country of Investment". Since we have already excluded the control variable size in order to improve the next model, we drop the variables with the biggest p values in model a. Hence, we re-run model b without the variables "Well-known Brand Name in the Host Country" and "Investment in Order to Establish Barriers of Entry for Future Competitors". The results are unchanged and there is no essential improvement to the model.

Appendix 29: Correlation Matrix of the Model Variables Crisis Vs Healthy (Greek OFDI in a Firm Level Analysis)

			Push Factors						Pull Factors							Control Variables			
Correlations Crisis Vs Healthy Model																			
	Correletion (MODEL A) Crisis Vs Healthy	Healthy Vs Crisis	Wage Costs	Input Costs	Tax Policy	Credit Time Payment Between Supplier - Customer	Low Customer Purchasing Power	De-Industrialization in the Home Market	Large Customer Base	Parent Company's Products/Services Market Growth Host Market	Low Competition in The Host Market	Close Control Between Parent Company & The Foreign Affiliate	Geographical Proximity Facilitates Easy Market knowledge of host country	Business Know-How in the Host Country	Regional Integration via Host Country participation in EU	Company Size (Number of Employees for the Company Group)	Country of Investment (Invest in Bulgaria/Invest in FYROM)	Industry Type (Manufacturing-Trade Vs Services-Construction)	Headquarters Base (North or South Based Company)
	Healthy Vs Crisis																		
Push Factors	Wage Costs	.267**																	
	Input Costs	.208*	.351**																
	Tax Policy	.224*	.376**	.184*															
	Credit Time Payment Between Supplier - Customer	.347**	.336**	.371**	.399**														
	Low Customer Purchasing Power	.376**	.337**	.305**	.323**	.387**													
	De-Industrialization in the Home Market	.281**	.050	.130	.099	.267**	.192*												
Pull Factors	Large Customer Base	.269**	.110	.005	.056	.098	.104	-.104											
	Parent Company's Products/Services Market Growth Host Market	.171	-.057	-.058	-.133	-.085	-.082	-.104	.510**										
	Low Competition In The Host Market	.191*	.165	.037	.111	.089	.152	-.048	.323**	.377**									
	Close Control Between Parent Company & The Foreign Affiliate	.195*	.186*	.216*	.071	.222*	.058	.126	.025	-.042	-.017								
	Geographical Proximity Facilitates Easy Market knowledge of host country	.213*	.081	.152	.102	.102	.069	-.012	.312**	.139	-.048	.539**							
	Business Know-How in the Host Country	.223*	.152	.205*	.069	.138	.085	.052	.246**	.042	-.098	.591**	.898**						
	Regional Integration via Host Country participation in EU	-.204*	-.101	-.135	-.153	-.206*	-.231*	-.081	-.051	.008	-.174*	-.163	-.036	.050					
Control Variables	Company Size (Number of Employees for the Company Group)	-.352**	-.220*	-.107	-.393**	-.342**	-.276**	-.204*	-.133	-.079	-.202*	-.188*	-.191*	-.175	.095				
	Country of Investment (Invest in Bulgaria/Invest in FYROM)	.386**	.131	.200*	.105	.193*	.355**	-.024	.152	-.164	.108	.249**	.297**	.312**	-.336**	-.208*			
	Industry Type (Manufacturing-Trade Vs Services-Construction)	.048	-.094	-.372**	.139	-.226*	-.123	-.210*	.075	.114	.130	-.151	.007	.014	.202*	-.058	-.178*		
	Headquarters Base (North or South Based Company)	.261**	.143	.183*	.167	.354**	.245**	.013	.172	-.043	.043	.283**	.341**	.345**	-.218*	-.441**	.419**	-.179*	
	**. Correlation is significant at the 0.01 level (2-tailed).																		
	*. Correlation is significant at the 0.05 level (2-tailed).																		

Source: Author's survey (based on 130 companies)

Appendix 30: Logistic Regressions Using OLI Variables (Model New Typologies of Firms: Satellite Vs. Lead Companies)

This model construction is for the new typology of firms and the category Satellite vs Lead investors. We test the classical OLI variables in the context of lead and satellite investors through logistic regressions where the value of the dependent variable is 0 if the company is a lead firm and 1 if it is a satellite firm. As in the previous model there is a theoretical expectation that the traditional OLI variables could be relevant to Lead investors, but less so for Satellite investors which should generate a robust model. We run the model with all the variables.[157] However, the results are the same (not significant) as in previous models, thus, for consistency, we drop control variable size[158] and retain all the traditional OLI variables.

[157] Please, see Appendix 30 (1): Correlation Matrix New Typologies of Firms Model: Lead Vs. Satellite Investors (p.376)

[158] Please, see Appendix 30 (2): Correlation Matrix New Typologies of Firms Model: Lead Vs. Satellite Investors (p.377)

Appendix 30 (1): Correlation Matrix New Typologies of Firms Model: Lead Vs. Satellite Investors

		Correlations: New Typology of Firms Model : Lead Vs Satellite Investors														
			Lead Vs Satellite	Well-known Brand Name in the Host Country	Capacity to Use Specific Technology and Innovate in the Home Market	Mergers & Acquisitions of the Parent Company Ownership Advantages	Company Presence (FDI) in Other Countries	Investment in Order to Establish Barriers of Entry for Future Competitors	Similarities in Mentality & Culture with Home Market	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	Company Age (Establishment Year- Parent Company)	Company Size	Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	Headquarters Base (North or South Based Company)	Industry Type (Manufacturing-Trade Vs Services-Construction)	Country
		Lead Vs Satellite														
OLI advantages	-O-	Well-known Brand Name in the Host Country	-.025													
	-O-	Capacity to Use Specific Technology and Innovate in the Home Market	-.026	.018												
	-O-	Mergers & Acquisitions of the Parent Company Ownership Advantages	.098	-.064	-.118											
	-O-	Company Presence (FDI) in Other Countries	.018	-.076	-.239**	.489**										
	-O-	Investment in Order to Establish Barriers of Entry for Future Competitors	-.157	.012	.212*	-.192*	-.224*									
	-L-	Similarities in Mentality & Culture with Home Market	.063	.061	-.010	-.121	-.242**	.122								
	-I-	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	.184*	.011	-.124	.125	.127	-.169	-.101							
Control Variables		Company Age (Establishment Year- Parent Company)	.178*	-.127	-.139	.344**	.237**	-.058	-.054	.048						
		Company Size	-.017	.138	.206*	-.587**	-.540**	.282**	.216*	-.277**	-.456**					
		Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	.124	-.029	-.093	.004	.242**	-.140	.051	.142	.182*	-.154				
		Headquarters Base (North or South Based Company)	-.288**	-.023	-.070	.396**	.122	-.043	-.092	-.041	.201*	-.441**	-.066			
		Industry Type (Manufacturing-Trade Vs Services-Construction)	.208*	-.096	-.120	-.018	.146	.025	.005	.069	.412**	-.058	.331**	-.179*		
		Country	-.165	.102	.000	.193*	.109	.013	-.011	-.198*	.065	-.208*	-.075	.419**	-.178*	
		*. Correlation is significant at the 0.05 level (2-tailed).														
		**. Correlation is significant at the 0.01 level (2-tailed).														

Source: Author's survey (based on 130 companies)

Appendix 30 (2): Correlation Matrix New Typologies of Firms Model: Lead Vs. Satellite Investors (*without company size)

Correlations: New Typology of Firms Model : Lead Vs Satellite Investors

			Lead Vs Satellite	Well-known Brand Name in the Host Country	Capacity to Use Specific Technology and Innovate in the Home Market	Mergers & Acquisitions of the Parent Company Ownership Advantages	Company Presence (FDI) in Other Countries	Investment in Order to Establish Barriers of Entry for Future Competitors	Similarities in Mentality & Culture with Home Market	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	Company Age (Establishment Year- Parent Company)	Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	Headquarters Base (North or South Based Company)	Industry Type (Manufacturing-Trade Vs Services-Construction)	Country
		Lead Vs Satellite													
OLI advantages	-O-	Well-known Brand Name in the Host Country	-.025												
	-O-	Capacity to Use Specific Technology and Innovate in the Home Market	-.026	.018											
	-O-	Mergers & Acquisitions of the Parent Company Ownership Advantages	.098	-.064	-.118										
	-O-	Company Presence (FDI) in Other Countries	.018	-.076	-.239**	.489**									
	-O-	Investment in Order to Establish Barriers of Entry for Future Competitors	-.157	.012	.212*	-.192*	-.224*								
	-L-	Similarities in Mentality & Culture with Home Market	.063	.061	-.010	-.121	-.242**	.122							
	-I-	Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield	.184*	.011	-.124	.125	.127	-.169	-.101						
Control Variables		Company Age (Establishment Year- Parent Company)	.178*	-.127	-.139	.344**	.237**	-.058	-.054	.048					
		Year of Entry in the Host Market (Prior 2001 in the Host Market - After 2001)	.124	-.029	-.093	.004	.242**	-.140	.051	.142	.182*				
		Headquarters Base (North or South Based Company)	-.288**	-.023	-.070	.396**	.122	-.043	-.092	-.041	.201*	-.066			
		Industry Type (Manufacturing-Trade Vs Services-Construction)	.208*	-.096	-.120	-.018	.146	.025	.005	.069	.412**	.331**	-.179*		
		Country	-.165	.102	.000	.193*	.109	.013	-.011	-.198*	.065	-.075	.419**	-.178*	

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Author's survey (based on 130 companies)

Based on the above correlation matrix we re-run logistic regression models.

Appendix 30 (3): Logistic Regression New Typologies of Firms Model: Lead Vs. Satellite Investors

Logistic Regression - New Typology of Firms Model : Lead Vs Satellite Investors		Model a		Model b	
		b/p	exp	b/p	exp
OLI PROXIES					
Property Rights and/or Intangible Asset Advantages (Oa) : The Resource (Asset) Structure of the Firm	**Well-known Brand Name in the Host Country**	-0.012	0.988		
		(0.967)	(0.967)		
Property Rights and/or Intangible Asset Advantages (Oa) : Innovatory Capacity	**Capacity to Use Specific Technology and Innovate in the Home**	0.309	1.362	0.314	1.369
		(0.691)	(0.691)	(0.682)	(0.682)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot) : Those Resulting Mainly from Size, Product Diversity & Learning Experiences of Enterprise (eg, Economies of Scope & Specialisation)	**Mergers & Acquisitions of the Parent Company Ownership Advantages**	2.833**	17.004**	2.830**	16.960**
		(0.013)	(0.013)	(0.013)	(0.013)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Which Specifically Arise Because of Multinationality : Multinationality Enhances Operational Flexibility by Offering Wider Opportunities for Arbitraging, Production Shifting & Global Sourcing of Inputs	**Company Presence (FDI) in Other Countries**	-1.889*	0.151*	-1.883*	0.152*
		(0.082)	(0.082)	(0.080)	(0.080)
Advantages of Common Governance, that is, of Organising Oa with Complementary Assets (Ot), Which Specifically Arise Because of Multinationality : Ability to Diversify or Reduce Risks	**Investment in Order to Establish Barriers of Entry for Future Competitors**	-0.484	0.616	-0.485	0.616
		(0.098)	(0.098)	(0.097)	(0.097)
Locational Advantages (L) Institutional: Cross-Country Ideological, Language, Cultural, Business, Political Differences	**Similarities in Mentality & Culture with Home Market**	0.150	1.162	0.150	1.162
		(0.617)	(0.617)	(0.617)	(0.617)
Internalization Advantages (I) : To Avoid Search & Negotiating Costs	**Company's Mode of Entry in the Host Market: Acquisition- Joint Venture - Greenfield**	1.053	2.866	1.054	2.868
		(0.102)	(0.102)	(0.102)	(0.102)
Control Variables					
Proxies					
Company Age	Establishment Year- Parent Company	0.220	1.246	0.221	1.247
		(0.299)	(0.299)	(0.293)	(0.293)
Year of Entry in the Host Market	Prior 2001 in the Host Market - After 2001	0.593	1.810	0.596	1.814
		(0.434)	(0.434)	(0.431)	(0.431)
Headquarters Base	North or South Based Company	-4.361***	0.012***	-4.354***	0.0128***
		(0.002)	(0.002)	(0.002)	(0.002)
Country of Investment	Invest in Bulgaria/Invest in FYROM	0.465	1.593	0.457	1.580
		(0.641)	(0.641)	(0.641)	(0.641)
Industry Type	Manufacturing-Trade Vs Services-Construction	1.046	2.847	1.047	2.850
		(0.197)	(0.197)	(0.197)	(0.197)
logit statistics	constant	-6.492	0.002	-6.525	0.001
		(0.018)	(0.018)	(0.013)	(0.013)
N		130		130	
Hosmer and Lemeshow Test		.532		.529	
Cox & Snell R Square		.258		.258	
Nagelkerke R Square		.466		.466	
-2 Log likelihood		62.116		62.117	
df_m		12		11	
chi2		36.405		36.403	
aic		88.1		86.1	
bic		124.5		119.7	
legend: * p<.1; ** p<.05; *** p<.01					

Source: Author's survey (based on 130 companies)

This is the only model in which two out of seven variables of interest and one control variable are significant. However, overall the model is inconclusive approximation of the OLI model and we consider the push-pull framework to provide a better representation of the determinants of Greek OFDI. Also, the dependent variable (Lead vs. Satellite Investors) is not consistent with traditional OLI which does not envisage satellite FDI investors.

Appendix 31: Correlation Matrix of the Model Variables Satellite Vs. Lead Companies (Greek OFDI in a Firm Level Analysis)

		Pull Factors				Control Variables						
	Correlations Lead Vs Satellite New Model											
		Lead Vs Satellite New	Presence of Greek Public/Private Companies in the Host Market	Geographical Proximity Facilitates Host Market Knowledge	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	Low Cost of Labor Force	Company Age (Establishment Year)	Company Size (Number of Employees for the Company Group)	Industry Type (Manufacturing-Trade Vs Services-Construction)	Headquarters Base (North or South Based Company)	Mode of Entry in the Host Market	Year of Entry in the Host Market (Prior 2000/After 2001)	Country of Investment (Invest in Bulgaria/Invest in FYROM)
	Lead Vs Satellite New												
Pull Factors	Presence of Greek Public/Private Companies in the Host Market	.398**											
	Geographical Proximity Facilitates Host Market Knowledge	-.188*	-.086										
	Bilateral Agreements Among Post-Communist Neighbours (Tariffs or Tax Duties)	-.216*	-.158	.233**									
	Low Cost of Labor Force	-.184*	-.004	.107	.233**								
Control Variables	Company Age (Establishment Year)	.178*	.115	.012	-.020	-.134							
	Company Size (Number of Employees for the Company Group)	-.017	-.018	-.188*	.024	-.006	-.456**						
	Industry Type (Manufacturing-Trade Vs Services-Construction)	.208*	.241**	-.068	-.331**	-.197*	.412**	-.058					
	Headquarters Base (North or South Based Company)	-.288**	-.214*	.422**	.201*	-.027	.201*	-.441**	-.179*				
	Mode of Entry in the Host Market	.184*	.054	-.156	-.287**	-.229**	.048	-.277**	.069	-.041			
	Year of Entry in the Host Market (Prior 2000/After 2001)	.124	.285**	-.022	-.100	-.088	.182*	-.154	.331**	-.066	.142		
	Country of Investment (Invest in Bulgaria/Invest in FYROM)	-.165	-.259**	.369**	.327**	.131	.065	-.208*	-.178*	.419**	-.198*	-.075	
	**. Correlation is significant at the 0.01 level (2-tailed).												
	*. Correlation is significant at the 0.05 level (2-tailed).												

Source: Author's survey (based on 130 companies)

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